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18 May 1982

CHINA REPORT ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

'NANFANG RIBAO' NOTES ECONOMIC POLICIES UNCHANGED

HK031450 Guangzhou NANFANG RIBAO in Chinese 30 Apr 82 pp 1, 3

[Commentator's article: "It Is Not True That 'The Golden Time Is Over'"]

[Text] Since the implementation of the "emergency circular," some comrades in our province have been worrying that the struggle against serious criminal activities in the economic field would affect the implementation of open-door policy with foreign countries and the policy to enliven the domestic economy. Some cadres and masses in the rural areas have gone so far as to worry that the economic policy in the rural area will be changed. Such worries are unnecessary. In "The resolution on severe punishment of criminals who severely undermine the economy," the CCP Central Committee and the State Council have explicitly stated that the open-door policy and the policy to enliven our economy are policies that our party resolutely adopted proceeding from the actual situation and in accordance with the demands of socialist modernization. These policies would not be changed nor would there be any wavering on them in the course of combating criminals who seriously undermine the economy. The resolution also demanded that in the course of implementing "the resolution," all localities must make suitable arrangements and give meticulous instructions. While seriously investigating major cases, they must have a firm grasp of industrial and agricultural production, ensure that all tasks will be carried out in a smooth manner and avoid the occurrence of any negative factors that might affect production and normal work. We are implementing "the resolution," seriously investigating major cases and resolutely combating criminals who seriously undermine the economy in order to promote a healthier development for the economy in the urban and rural areas.

Therefore, "the golden time" described by the broad masses of peasants is not over, on the contrary, it has just started.

To further illustrate this point, the following major policies for the rural areas are quoted.

The socialist agricultural economy must be subject to state planning and instructions. This is a principle we adhere to. "The resolution" of the central authorities and the State Council has reiterated that "we must adhere to the principle of taking planning as the principal and regulation

by market mechanism as the subordinate in carrying out the open-door policy with foreign countries and the policy to enliven the domestic economy. Any major economic activities must be brought into line with the state plan." Over the past few years, by putting emphasis on respecting the decision-making power of production teams and on promoting cultivation in line with local conditions, we have mobilized the cadres' and peasants' enthusiasm for production, overcome the shortcomings of "doing everything in a rigid way regardless of the conditions," and "providing blind instructions" in exercising leadership over production. This is absolutely correct. However, some people mistake respecting the decisionmaking power of production teams as discarding state planning, to the extent that their basic sense of planning is getting blunted. They grow whatever earns money, randomly reduce the cultivated areas sown to grain and blindly enlarge diversified economy. Some suburban areas even give up growing vegetables to promote industry and sideline occupations. This has affected the supplies of non-staple food to the rural areas. This trend must be corrected. At present, by stressing that agricultural production must be subjected to state planning and instructions, we are in fact reiterating the consistent policy stipulated since the third plenary session and correcting trends that have already emerged. The policies have by no means been changed.

Since the third plenary session, the party has corrected the past mistake of overlooking peasants' material interests and has made some necessary readjustments on policies regarding procurement prices and state monopoly for procurement and marketing of agricultural and sideline products. Now the peasants can earn more profits. These just interests of the peasants are protected by the party's policy at all times. "The resolution" of the central authorities and the State Council have not changed the policy in this regard. In the preceding period, since we did not have sufficient experience in handling the interrelationships between state planning and instructions and regulation through market mechanism, we merely paid attention to "enlivening" the economy while ignoring management. As a result, some agricultural and sideline products that should have been under state monopoly procurement were not purchased according to the state plan while those producing other agricultural and sideline products did not meet their assigned procurement quotas. On the other hand, some cadres and peasants have one-sidedly interpreted the party's policies in this aspect. They think only of individual and immediate interests and neglect state and long-term interests, they do not fulfill the task of state monopoly procurement and marketing that need to be fulfilled. Instead, they took the products to markets and sold them at high prices. Some people even engaged in speculation and profiteering and disturbed market management in the rural and urban areas. This has affected the state procurement plan and the livelihood of people in the urban areas. Aiming at changing this, the people's government has now readjusted the quotas for all those agricultural and sideline products which should continue to be kept under the program of state monopoly procurement and state assigned procurement quotas. This is also a necessary specific measure for carrying out better the principle of paying equal attention to the interests of the state, the collective and the individual which we have emphasized all along since the third plenary session. Similarly, the problem of changing policies does not exist here.

In the past few years, in enlivening the rural economy and increasing peasants' income, commune- and brigade-run enterprises, which have been counted a rather important source of peasants' income, have played an active role. It is by transforming the single-product economy and adopting the form of comprehensive management of agriculture, industry and sideline production that many places managed to change their face of poverty and backwardness within a relatively short period, and thus many peasants became rich. This form of comprehensive management of agriculture, industry and sideline production should be upheld in the future. But, we should also see that some commune- and brigade-run enterprises do not depend on their local resources; instead, they compete for raw materials with the state by various means such as cottoning up to state-run enterprises by giving banquets, presenting gifts and so on, and thus harm the state's interests. This time, in the "resolution," the CCP Central Committee and the State Council called for solving the problems existing in commune- and brigade-run enterprises and laid down a very clear demarcation line. We must mainly deal blows at those who use various means to seriously sabotage the economy. We will also punish according to the law all those who interfere in market management in urban areas, hamper the state monopoly for procurement and marketing, and harm the interests of the people in urban areas. Unhealthy trends in the relationship between commune- and brigade-run enterprises and urban commercial and industrial enterprises should be corrected through reorganization of the commune- and brigade-run enterprises, strengthening of the management of commercial and industrial enterprises, improvement of buying and selling methods for goods and materials, and perfecting of the management system for markets. In this way the development of communes and brigades will be better suited to the socialist orientation, as well as healthier and stronger. Because of this, the policy of developing comprehensive management of agriculture, industry and sideline production remains unchanged.

As the CCP Central Committee has repeatedly emphasized, the agricultural production responsibility system is like the public ownership of the means of production in that both will remain unchanged for a long time to come. The "resolution" reaffirms this. The policies of opening up agricultural markets and permitting commune members to engage in household sideline production will also continue to be implemented.

Therefore, the party's basic policy toward rural areas laid down by the third plenary session actually has not been changed. Of course, in saying that the basic policy has not been changed, we do not mean that all the problems emerging in the course of enlivening the economy can be left unsolved. For all those practices which have proved to be overdone and pernicious, we still have to work out some specific measures and some necessary adjustments in light of results of investigations. The purpose in doing so is to continuously sum up experiences and seek methods for ensuring the prosperity of the socialist agricultural economy. Following further practice, we may probably make more adjustments in regard to some individual problems. But, anyway, the purpose of all these necessary

adjustments is to mobilize the initiative of peasants better, push ahead with the development of the agricultural production and correctly handle the relations between the state, the collective and the individual. The general purpose of all these is to safeguard the fundamental interests of peasants, and to enable them to improve their own livelihood step by step on the basis of the development of production. All the new measures and stipulations that we have mentioned above are aimed at the same goal.

The reason why our peasants have been able to become gradually so rich after the third plenary session that they call this period the "golden time" is because, in general, we have implemented the following three principal policies: the first is to respect the decisionmaking power of production brigades; the second is to adopt various forms of the production responsibility system; the third is to adopt the form of comprehensive management of agriculture, industry and sideline production. All these policies of making the people rich have not been changed so far. Therefore, we say, the "golden time" has not passed; on the contrary, it will face a brighter and brighter prospect following the further implementation of various economic policies on rural areas, the consolidation and perfecting of the production responsibility system, and the daily development of the diversified economy in rural areas. Only if the vast number of peasants abide by the party's policies and depend on their own labor in getting rich, the state will apply no constraints, but will encourage and assist them. It is completely false that the state, as some people say, does not want to let peasants become richer.

Then, why are there still some people insisting that the policies have been "changed" and "the golden time has come to an end?" It is because, in the first place, they have one-sidedly understood the party's policies adopted since the third plenary session, and have always gone to extremes. For example, while the party has shifted its work focus, and no longer takes class struggle as the key link and promotes political campaigns, some comrades have forgotten the guiding ideology set by the party—that the class struggle still exists and that we must solve any problem we come across. They are so blind to the obvious sign of the real existence of class struggle that they feel the present move to deal blows at serious criminal activities in the economic field an abrupt action, and just cannot understand it. They wrongly interpret this move as a step towards changing the policies and the end of the "golden time." In the second place, it is because they have gotten into the habit of being afraid of changes in policies, having witnessed that in the past peasants would suffer whenever there was a campaign and changes in policies. Therefore, in considering some measures we have adopted in order to correctly implement our series of policies on the rural areas, they always easily link them to the frequent changes in policies to the time of the leftist guidance in the past, and thus think that the policies "are changing again," and "the golden time has passed."

Therefore, to carry out a reeducation of the cadres and masses in policies adopted since the third plenary session, to make everybody truly understand the substantial spirit of the party's policies to fully understand the stability and continuity of the party's policies, to urge them to resolutely and correctly carry out the party's policies, all of these are still important tasks to undertake in promoting both the economic work and the struggle in dealing blows at serious criminal activities in the economic field in order to enliven the economy, in making the rural economy more prosperous and in pushing ahead with the further development of the "golden time."

CSO: 4006/435

NATIONAL POLICY AND ISSUES

REGULATIONS ON WORKERS' REWARDS, PENALTIES

OW020638 Beijing XINHUA Domestic Service in Chinese 0010 GMT 2 May 82

[Text] Beijing, 2 May (XINHUA)--Regulations on rewards and penalties for enterprise workers and staff members (adopted by a meeting of the Standing Committee of the State Council on 12 March 1982 and promulgated on 10 April for implementation)

Chapter 1: General Principles

Article 1

In accordance with the relevant provisions of the PRC constitution, these regulations are hereby laid down to strengthen enterprise workers and staff members' sense of responsibility as masters of the country, encourage their initiative and creativity, maintain normal order in production and other work, raise labor productivity and work efficiency and promote socialist modernization.

Article 2

Enterprise workers and staff members must abide by state policies, laws and decrees; observe labor discipline and various regulations and rules of their enterprises; take good care of public property; study and grasp culture, technical or professional knowledge and techniques needed in their work; and unite and cooperate with each other to accomplish their tasks in production and other work.

Article 3

In implementing the system of rewards and penalties, an enterprise must combine ideological and political work with economic measures. In giving rewards, it must uphold the principle of combining moral encouragement with material rewards, with stress on the former. In dealing with workers and staff members who violate discipline, the enterprise must uphold the principle of using ideological education as the main method and penalty as an auxiliary method.

Article 4

These regulations apply to all the workers and members of enterprises owned by the whole people and of collectively owned enterprises in towns and cities. Meting out rewards or penalties to enterprise personnel appointed by state administrative organs shall be handled within the limits of one's authority and in accordance with the procedures for examination and approval as prescribed by the "State Council provisional regulations concerning rewards and penalties for functionaries of state administrative organs."

Chapter 2: Rewards

Article 5

Rewards should be meted out to workers and staff members who have done one of the following:

- 1) Those who have made remarkable achievements in fulfilling their tasks in production and other work, improving product or service quality or saving financial and energy resources for the state or in other aspects;
- 2) Those who have made inventions and technical improvements or reasonable suggestions leading to important results or remarkable achievements in production, scientific research, technological or product design, the improvement of working conditions or other aspects;
- 3) Those who have made remarkable achievements in improving operation and management or raising economic results and have thus made a relatively large contribution to the state;
- 4) Those who have rendered a meritorious service in protecting public property or preventing or handling accidents so that no serious damage is done to the interests of the state and the people;
- 5) Those who have made remarkable achievements in struggling against evildoers and evil deeds or maintaining public order or normal order in production and other work;
- 6) Those who have performed outstanding deeds in upholding financial and economic discipline and resisting unhealthy trends and evil practices;
- 7) Those who have performed outstanding deeds by being consistently devoted to their duties, doing their work vigorously and responsibly, being honest in performing their official duties or sacrificing their own interests for the sake of other; and
- 8) Other deeds that deserve a reward.

Article 6

The rewards for workers and staff members are: merit, great merit, promotion, issuing an order of commendation and conferring the honorary title of advanced producer (worker) or model worker. In meting out the rewards, one-time bonuses may be issued.

Article 7

Recording a merit or a great merit, issuing a bonus or conferring the honorary title of advanced producer (worker) should be recommended by a workers congress and decided by an enterprise or by higher competent authorities. Bonuses should generally be issued once a year and should be budgeted in and paid from the enterprise's fund for money awards for labor emulation.

The issuance of orders of commendation shall be decided by the people's governments at various levels or by the departments in charge of enterprises.

The method of conferring titles of model workers will be formulated separately.

Article 8

There must be discussion and evaluation by the masses of the unit in which a reward is to be presented to a worker or staff member, and the reward must be handled in accordance with the limits of authority stipulated in Article 7. The reward will be recorded by the enterprise in the personnel file of the rewarded worker or staff member.

Article 9

Workers and staff members who have made inventions, technical improvements or rational suggestions in accordance with clause 2 of Article 5 shall be rewarded according to the regulations on awards for inventions and on rational suggestions and technical improvements, but they will not be given additional bonuses.

Article 10

The principles of issuing production and conservation rewards on a regular basis, funds for bonuses and the method of recommending rewards shall be handled in accordance with the relevant state regulations.

Chapter 3: Penalties

Article 11

Workers and staff members who are found to have engaged in the of the following forms of misconduct and who refuse to mend their ways even after criticism and education should be given disciplinary punishment or economic penalties:

- 1) Those who violate labor discipline, regularly arrive for work late and leave their work early, stay away from work without leave, are slack in work and fail to fulfill their production quotas;
- 2) Those who adversely affect production, work and social order by disobeying work assignments, transfers and orders without a good reason, or by making trouble and inciting others to engage in fist fights;
- 3) Those who neglect their duties, violate operational and safety measures or disobey orders, thereby causing accidents that result in losses of lives and property damage;
- 4) Those who are irresponsible in their work, frequently produce substandard products, damage equipment and waste raw materials and energy, thereby causing economic losses;
- 5) Those who abuse their powers, violate policies, laws and financial and economic discipline, are guilty of tax evasion, retain profits that should have been delivered to the state, hand out bonuses indiscriminately, squander state funds and harm the public in order to achieve personal gains, thereby causing the state and enterprise to sustain economic losses;
- 6) Those who are guilty of graft and theft, engage in speculation and smuggling, offer or accept bribes, engage in extortion and other unlawful acts; and
- 7) Those who have committed other serious mistakes.

Any worker or staff member who has engaged in any of the abovementioned forms of misconduct, provided his case is serious enough as to have violated the criminal code, will be punished by the judicial departments according to law.

Article 12

Administrative punishment for workers and staff members includes warning, recording of demerit, recording of serious demerit, demotion, dismissal, continued employment under observation, and expulsion. In taking the above disciplinary measures against workers and staff members, cash fines may be imposed on them on a one-time basis.

Article 13

In the case of expulsion, it must be proposed by the enterprise director (manager) and decided through discussions at a congress or meeting of enterprise workers and staff members. The expulsion must be reported to the department in charge of the enterprise and to the labor or personnel department in the area where the enterprise is located so that the matter will be put on record.

Article 14

In the case of punishment of a worker and staff member by allowing him to continue employment under observation, the time limit is from 1 to 2 years. During the observation period wages shall be suspended, and only living expenses shall be provided. The living expenses should be less than the original wages and shall be determined by the enterprise in light of actual conditions. At the end of the observation period, those who have conducted themselves well will be reinstated, but their wages will be determined anew; those who have behaved badly shall be expelled.

Article 15

If necessary, a worker or staff member who has been dismissed from his post may have his wage grade lowered.

In the case of demoting a worker or staff member, the demotion should generally be to the next lower grade. The maximum punishment in this respect should not exceed two grades.

Article 16

The amount of the fine imposed on a worker or staff member is to be decided by the enterprise and should generally not exceed 20 percent of his standard monthly wage.

Article 17

A worker or staff member who has committed any act listed in clauses 3 and 4 of Article 11 should be instructed to compensate for any economic losses. The amount of the compensation is to be decided by the enterprise in accordance with actual conditions and deducted from the wage of the worker or staff member. However, the amount of the deduction should generally not exceed 20 percent of his monthly salary. The amount of the compensation may be reduced if the worker or staff member can rapidly mend his mistake and start to do well in work.

Article 18

The enterprise has the right to remove from its payroll any worker or staff member who frequently stays away from work without good reason and, even after repeated criticism and education, stays away from work for 15 consecutive days or accumulates a total of 30 days of unauthorized leave of absence in a year.

Article 19

In meting out administrative sanctions and economic penalties on a worker or staff member, it is necessary to make decisions prudently, after finding out

about the real situation, obtaining evidence and holding discussion at a meeting at which the trade union's opinion is solicited and the punished person is allowed to defend himself.

Article 20

In the case of dismissal, examination and approval of a worker's or staff member's penalty should be made not later than 5 months after the day the worker's or staff member's mistake is confirmed. The time for other penalties should not exceed 3 months.

The enterprise should notify in writing the worker or staff member who receives an administrative sanction or economic penalty, or is dismissed, of the punishment and should have it recorded in his personal file.

Article 21

After a penalty for a worker or staff member is approved, if he pleads not guilty he may appeal in writing to a higher leading body within 10 days after the penalty is made public. However, pending the decision by the higher leading body on changing the original penalty, he should be punished according to the original decision.

Article 22

Generally, after a worker or staff member is dismissed or removed from the payroll, he should take up residence in the place where the enterprise is located.

If he requests to return to his original domicile, the request should be handled in accordance with the principle of moving from a big city to a small or medium-sized city, from a coastal area to an inland or frontier area, and from a city or township to a rural area.

In handling a request in line with this principle, the enterprise department in charge should first contact the public security department of the locality to which the worker or staff member wishes to move. The public security department of the locality should complete the procedures of permitting the worker or staff member to take up residence on the basis of the certificate issued by the enterprise department in charge. Production teams should allow those who wish to return to a rural area to take up residence.

Article 23

In giving a reward or promotion to a worker or staff member who has been punished, 6 months after receiving a warning, demerit or serious demerit, or 1 year after this dismissal, or after completing the period of employment under observation, he should be treated in the same way as other workers and staff members in accordance with relevant regulations.

Article 24

A worker or staff member who obtains a reward through fraud and deception should be given the necessary penalty according to the seriousness of the case.

Article 25

Personnel who abuse their power by taking revenge on a worker or staff member under the pretext of giving punishment and enforcing discipline or who shield a worker or staff member who deserves punishment should be severely punished. In serious cases, criminal responsibility may be affixed.

Chapter 4: Supplementary Articles

Article 26

All provincial, municipal and autonomous regional people's government and State council departments may formulate their respective methods for implementation in accordance with these regulations.

Article 27

The labor departments at various levels have the right to supervise and inspect the implementation of these regulations.

Article 28

These regulations come into force upon their issuance.

CSO: 4006/435

NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' DISCUSSES GRAIN IN AGRICULTURE

HK031133 Beijing JINGJI YANJIU in Chinese No 3, 20 Mar 82 pp 10-15

[Article by Ding Shengjun [0002 5116 0193] of the Information Research Department of the Grain Ministry: "On the Position of Grain in the Strategy for the Development of China's Agriculture"]

[Text] Summary of contents: This article explains that grain still plays a foundation role under the new historical conditions and that it occupies an important position in the strategy for the development of China's agriculture. It further explains that we must pay attention to maintaining an overall balance, give guidance in a planned way, advance steadily and enable grain production and a diversified economy to develop in coordination. This article proposes to discuss the viewpoint of "large food." It holds that the viewpoint of "large food" is divorced from the national conditions, is not scientific and may cause a new imbalance in the agricultural structure. [end summary]

Broadly speaking, agriculture includes farming, forestry, animal husbandry, sideline production and fishery. It is the foundation for developing the national economy. China has a population of 1 billion people, of which 800 million are peasants. It has long been our habit to build our country by relying on agriculture and thus studying the strategy for the development of agriculture has primary significance. Grain is the most important product in agriculture, and we must not overlook the problem of grain when studying the strategy for the development of agriculture. In this article, I would like to approach the position of grain production in the strategy for the development of China's agriculture and thus seek the guidance of the theoretical circles.

I. Grain Still Plays a Foundation Role Under New Historical Conditions

The important position of grain in the strategy for the development of agriculture is decided by the foundation role it objectively has.

The two production theories of Marxism concerning material production and population production explain that grain is the most important condition for human life and that it is an important foundation for social development.

viewed from the actual status of today's China and the world, grain still occupies a decisive position in the people's economic lives. First, grain is the people's most basic means of subsistence. In whatever undertakings we run, we must first solve the problem of eating. In our country, grain is the people's staple food. According to estimates, 80 percent of the heat and 50-60 percent of the protein taken in by the people in our country are provided by grain and vegetable oil. Second, the development level and increase in speed of grain production have greatly restricted the development of a diversified economy. Whether grain production can be rationally arranged and whether the proportional relationship between grain and a diversified economy can be coordinated have a very important bearing on the development of agriculture. Third, grain is an indispensable basic material needed by many branches of the national economy. For instance, the food industry, the condiment industry, the sugar refinery industry, the distillery industry, the amylum industry, the fodder industry, the pharmacy industry, the textile industry and the chemicals industry all use large quantities of grain as their materials. Fourth, grain is the key product that can stabilize the market and the prices of commodities. Whether the situation and prices of grain are stable is an important sign of whether the market is stable. Fifth, grain is a strategic material for war and calamities. China has a large territory and complicated natural conditions. Almost every year, some areas suffer natural calamities such as drought, floods, winds and hail. Therefore we must store up in bountiful years to make up for lean ones and be prepared against calamities. In addition, only when we have sufficient grain reserves, can we have ample food and a strong army and can we be victorious in future wars of resistance against invasion and in safeguarding our country. Sixth, grain is one of the staple goods in international trade. Grain has become a "weapon" in the international diplomatic struggle. Among Third World countries, the strategic task in developing their national economy is to become self-sufficient in grain. All this shows that grain plays a very important role in the national economy as a whole and that in particular it occupies a decisive position in the strategy for the development of China's agriculture.

What merits attention is that some comrades lack the understanding of the position of grain in agriculture when studying the strategy for the development of China's agriculture. They do not consider in detail the dialectical relationship between grain and a diversified economy, nor do they study meticulously the national condition and particularly the overall situation of grain. Therefore, the viewpoints they have put forward are quite onesided. This must be discussed seriously. For instance, they have not fully appraised the success achieved in agricultural production since the founding of the People's Republic of China, saying that in agriculture we have carried out the policy of "taking grain as the key link and sweeping away everything else." This viewpoint is not in conformity with historical facts. Like studying other problems, we must not study the strategy for the development of China's agriculture isolated from its historical context. We must start from China's specific conditions, make an overall analysis and correct appraisal of its development (including grain production) so that we can obtain a correct premise and starting point in the study of the strategy for the development of agriculture.

Everyone knows that in the early period of the People's Republic of China, China's economy was in a dilapidated state, its agriculture languished, the prices of grain kept soaring and the people lived in dire poverty. In 1949, the number of farm animals throughout the country dropped by 16 percent as compared with the highest level in the prewar period, the production of large farm implements was down by 30 percent and the total output of grain dropped by 74.6 percent. (Li Shucheng [2621 2521 6134], "Great achievements in Agricultural production in the 3 years Since the Founding of New China." "The Economic Achievements in the 3 Years Since the Founding of New China," People's Publishing House, 1953 edition, p 13) At such a critical historical juncture, under the leadership of the party, the people of all nationalities throughout the country indomitably persisted in effective struggle. In 1957, when the First 5-Year Plan was completed, the grain output throughout the country had increased by 150 percent over 1949 and the cotton output by 420 percent. Forestry, animal husbandry, sideline production and fishery also developed to a certain extent. What a pity that all this was disrupted by the leftist erroneous line in the late 1950's. Furthermore, the serious natural calamities and the perfidy of the Soviet social imperialists in the early 1960's and the 10 years of internal disorder brought great losses to the whole national economy which included grain production. But even under such circumstances, China's grain production still developed greatly. By 1979, the total grain output had increased by 293 percent over 1949. This growth far exceeded that of other countries which had similar conditions to China.

Perhaps some comrades will argue that although grain production has developed since the founding of the People's Republic of China, we have only laid emphasis on grain production and neglected a diversified economy and so this is still "taking grain as the key link and sweeping away everything else." I do not think that this viewpoint is in conformity with facts. In short, since the founding of new China, our agricultural principles have been formulated in accordance with the basic law governing the socialist economy and with the objective requirements of agriculture in the planned development of the national economy. Of course, because the situation and tasks of the national economy have varied in each development period, what has been proposed and emphasized in the principles for agricultural production has also varied. Generally speaking, the state also pays attention to developing a diversified economy when laying emphasis on grain production. The party and the government have repeatedly pointed out that we must take grain as the key link in developing agricultural production, and at the same time we must energetically develop industrial crops. When developing grain production, we must simultaneously develop forestry, animal husbandry, sideline production and fishery. Under the guidance of the above principles, China's agriculture has not only achieved great success in grain production, but also made considerable headway in forestry, animal husbandry, sideline production, fishery and industrial crops. By 1979, the total output value of agriculture had increased by 270 percent over 1949. On the average, the rate of increase was 4.2 percent each year (higher than Japan's 2.7 percent, the Soviet Union's 2.5 percent, America's 1.9 percent and West Germany's 1.8 percent); grain

output value increased by 190 percent, that of cotton by 400 percent, of oil crops by 150 percent and of sugar crops by 700 percent; the output value of pigs increased by 450 percent and of sheep by 330 percent. What merits mentioning is that the state has not only built and expanded large numbers of commodity grain bases, but also set up and expanded production bases for cotton, beet, sugarcane, rubber and tea. Because the development rate of forestry, animal husbandry, sideline production and fishery has been faster than that of grain, the internal structure of agriculture left over by history has also changed to a certain extent. By comparing the total agricultural output value of 1979 with that of 1949, we find that the production of farming dropped from 82.5 percent to 66.9 percent, while the proportion of forestry rose from 0.6 percent to 2.8 percent, the proportion of animal husbandry rose from 12.4 percent to 14 percent, the proportion of sideline production rose from 4.3 percent to 15.1 percent and the proportion of fishery rose from 0.2 percent to 1.2 percent.

When affirming the great achievements in the development of agricultural production since the founding of the People's Republic of China, especially when affirming the great achievements in grain production, we must point out that we have also learned a profound lesson. First, we departed from the basic principle of the production relationships having to suit the basic principle of the character of the productive forces. The change in the production relationships was too abrupt and too frequent. The long-term "leftist" rural policies, the practice of "eating from the same pot" and the carrying out of egalitarianism in allocation seriously disrupted the initiatives of the peasant masses and affected agricultural production. Second, the principle of taking agriculture as the foundation was not implemented well. In production and construction, it was said that we carried out the principle of "first agriculture, then light industry and then heavy industry," but what we carried out in practice was "first heavy industry, then light industry and then agriculture." The investment in agriculture was a little low. The policy of exchange of unequal values was exercised over agricultural and sideline products especially over commodity grain. As a result, production increased but the income of the peasants remained the same; the yield was high but the production teams were poor. This affected the initiatives of the peasants in developing commodity grain. Third, when giving production instructions, we violated the principle of acting in line with specific conditions and did not observe the natural law. We destroyed the forest for cultivation and built dikes to reclaim land from lakes. As a result, we destroyed the ecological balance and exacerbated the irrational state of the internal structure of agriculture. Especially during the 10 years of internal disorder, every now and then "the gang of four" clamoured that "it does not matter even if we do not collect any grain" and branded the diversified economy as the "capitalist tail" which had to be done away with. They disrupted the party's various rural policies. As a result, grain production and the diversified economy were destroyed. Since the 3d Plenary Session of the 11th CCP Central Committee, we have brought

order out of chaos, emancipated minds, relaxed the rural economic policies, carried out the responsibility system in agricultural production, gradually readjusted the internal structure of agriculture and formulated the correct principle of "not relaxing grain production under any circumstances and enthusiastically developing a diversified economy." (Comrade Zhao Ziyang's report to the fourth meeting of the Fifth NPC: "The present economic situation and the principles for future economic construction," RENMIN RIBAO, 14 December 1981) As a result, the country's agriculture, forestry, animal husbandry, sideline production and fishery have begun to take the road of overall development. In short, only when we affirm our achievements and sum up our lessons in a practical and realistic manner, can we really develop our achievements, draw lessons and put forward useful suggestions for working out the strategy for the development of China's agriculture.

In the study of articles concerning the strategy for the development of China's agriculture, some comrades have proposed emulating the Western countries and changing the food composition of our people. They think with more consumption of animal food (meat, eggs and milk), the consumption of grain will fall and grain production can correspondingly be reduced. In this way, more areas of cultivated land, labor force, funds and other means of production can be available for the use of the diversified economy and for the development of animal husbandry. This is not an all-round viewpoint. Innumerable facts have proved that regardless of the food structure, the basic role of grain in human's food is undoubted. This theory is not hard to understand. We should know that animal food such as meat, eggs and milk are processed from grain and other vegetable materials through the "organic factory" of animal husbandry. The quantity of grain consumed for the production of animal food such as meat, eggs and milk throughout the world is 560 million tons each year, and the countries that consume large quantities of fodder grain are precisely the countries that consume large quantities of meat, eggs and milk. Take for example the United States, Canada, West Germany, France and other West European countries. They are countries of this type. It is true that the quantity of grain directly consumed by each person in the United States every year is small, only about 126 jin, and the consumption of meat, eggs and milk is high. But the quantity of grain consumed for the production of meat, eggs and milk for each person is as high as 1,690 jin, making a total of 1,816 jin. It is the same situation in Canada, France and West Germany. The above situation shows that in a food structure with animal food as the main factor and vegetable food as the subsidiary one, the consumption of grain is not smaller but instead, larger, and that the basic role of grain does not change. With regard to food structure, we must start from a scientific viewpoint. A scientific food structure should be able to provide various types of nourishment for human bodies so that they can grow healthily and vigorously undertake all kinds of activities. In addition, because of the difference of nationalities, of historical traditions, of natural conditions, of the development levels of production and of the consumption levels and habits of the people, the food structure of the various nationalities is very

complicated and varies very much. Therefore, we cannot indiscriminately negate a food structure that takes either vegetable food or animal food as its main factor. Some articles have excessively propagated the food structure that takes animal food as its main factor and at the same time inappropriately negated the food structure that takes grain and other vegetable food as its main factor. This lacks overall consideration and is divorced from the national conditions of our country.

Summing up what has been stated above, we know that not only in the past, but also under the present conditions, grain plays the most basic role and occupies a most important position in agriculture. This is an objective law independent of human's will. When studying the strategy for the development of agriculture, we cannot but observe the law. We must not negate or violate it.

II. Bring Into Play the Superiority of Our Country's Agriculture

When studying and working out the strategy for the development of China's agriculture, we must develop our strong points and overcome our weak points, bring our superiority into play, rationally utilize our natural resources and fully tap the potentials in various fields. In the past few years, we have implemented the policy of bringing our superiority into play in agricultural production, made full use of "mountain river projects," exploited our plains, grasslands, hilly regions, mountainous regions, rivers, lakes and sea and promoted overall development in agriculture, forestry, animal husbandry, sideline production and fishery. We must persist in this fruitful economic policy.

In the final analysis, bringing superiorities into play is persisting in the dialectical materialist theory of knowledge and considering the overall balance of the national economy as a whole in accordance with the natural laws and the economic law. Superiorities are relative and changeable. In some regions something looks superior, but if viewed from the situation as a whole, it is not necessarily superior. Superiority manifests itself in many aspects, such as in a diversified economy and in grain production. Therefore, when studying the strategy for the development of China's agriculture, we must have the whole situation in mind. That is, we must bring into play not only the superiority in the diversified economy but also the superiority of grain production.

The Chinese nation has a long history and a fine tradition of carrying out intensive and meticulous farming and has accumulated rich experience. Grain is a great superiority in China's agriculture. The whole country has placed grain in a very important position and paid close attention to its production. This excludes those places that take forestry, animal husbandry or fishery as the main factor and those industrial crops producing regions.

To bring the superiority of grain into play we must energetically raise its area unit yield. This is an important method of increasing the total output of grain and raising labor productivity in agriculture. Therefore, centralizing certain labor forces, water resources and fertilizer and raising the area unit yield of grain-growing land have an important bearing on increasing grain production. Since the founding of the People's Republic of China, our country's grain production has increased greatly. In 1976, the average per mu yield of grain in China was 491 jin, higher than America's 417 jin, Canada's 303 jin and France's 452 jin. But at present there is about 500 million mu of low-yield fields in China. If the per mu yield of 100 million mu out of this 500 million mu is raised by 100 jin, then we will have an increase of 10 billion jin of grain. Moreover, there is about 400 to 500 million mu of medium-yield fields throughout the country, which have certain irrigation conditions and foundation. Energetically raising the per mu yield of these fields will help us attain faster results and greater increases in production with less investment. In short, intensive and meticulous cultivation, scientific farming and raising the per mu yield are the main orientation of China's agriculture. But because China's agricultural production forces are still very low and its ability to resist natural calamities is not strong, increases in grain production cannot avoid being affected by various factors. Chinese agricultural harvests are by and large "3, 4, 3," which means that within 10 years there will be 3 years of good harvests, 4 years of ordinary harvests and 3 years of poor harvests. Therefore, in order to guarantee a steady increase in the total grain yield, we must guarantee enough grain fields areas when raising the unit yield of grain. In addition, according to estimates by foreign agricultural scientists, in the same area of farmland, more economic returns can be obtained from crop growing than from animal husbandry. According to calculations by Ma Ke Si. Mi Er Na Er [3854 0344 2448.4717 1422 4780 1422] if 1 hectare of cultivated land is sown to soybeans, it can produce 640 jin of protein each year, if sown to corn, it can produce 457 jin of protein, if sown to wheat, it can produce 274 jin of protein, if used for breeding egg-laying hens, it can produce 65 jin of protein, if used for breeding milk cows, it can produce 59 jin of protein and if used for breeding cattle, it can produce 51 jin of protein. This data is quite informative as to the scientific and rational utilization of cultivated land.

To bring grain superiority into play, we must accelerate the building of commodity grain bases. Take, for example, the Sanjiang Plain, the Songnen Plain, the North China Plain, the Jiangnan Plain, the Dongtinghu Plain, the Payanghu Plain, the Taihu Plain, the Jianghuai Plain, the Chengdu Plain and the Zhujiang Delta which include a total of nearly 200 counties. In these places, the land is fertile, the weather is good and the economy is prosperous. They have good transport facilities and a long history of grain production. Their production is stable and their commodity rate of grain is high. They all have excellent conditions for building commodity grain bases. Changing these commodity grain producing regions into the commodity grain bases has great strategic significance to maintaining a

balance between the supply of and need for grain throughout the country, to enlivening agriculture and to promoting the development of a diversified economy. Of course, in building the commodity grain bases, we must act in line with specific conditions and give classified guidances. Besides implementing the principle of taking grain as the main factor or of taking grains and beans as the main factor, we must also develop a diversified economy so that we can combine agriculture, forestry and animal husbandry and build the commodity grain bases into modern agricultural bases.

In bringing grain superiority into play, we must pay attention to bringing into play the role of the state farms throughout the country. The mechanization of the state farms is high. They have a solid foundation in materials, technology and equipment and are a vital new force on the agricultural front. At the end of 1979, there were over 2,000 state farms throughout the country. Of these, those that mainly produced grain and industrial crops accounted for 48.4 percent. The total sown area was 67.58 million mu, of which the area sown to industrial crops (excluding soybeans) accounted for 60 percent. It is obvious that the state farms throughout the country are an important basis for agricultural and grain production.

In short, bringing grain superiority into play has an important bearing on the whole situation of agricultural development and on the whole situation of the development of the national economy. When studying the strategy for the development of China's agriculture, we must place this problem in an important position and consider it seriously.

III. Correctly Handle the Dialectical Relationship Between Grain and a Diversified Economy

The various agricultural production departments are linked with each other, restricted by each other and are dialectically unified. No economic department can exist in isolation from other departments. Grain production is the material foundation for developing a diversified economy, but it cannot develop by divorcing itself from a diversified economy. Grain production and a diversified economy are the two wings in the development of China's agriculture. Only by lifting the two wings at the same time, can agriculture move forward and can grain production open up new prospects. Therefore, in the study of the strategy for the development of China's agriculture, we must start from the dialectical relationship between grain production and a diversified economy and ascertain the development scale, development speed, development proportions and development arrangement of the two. Only in this way can we achieve excellent results.

On the one hand, grain production and a diversified economy promote each other. On the other hand, they vie for the means of production, labor force and cultivated land and they are mutually contradictory. If we only keep in mind the former aspect, we will be overanxious about getting quick results when

working out the strategy for the development of agriculture. We will not act according to our ability and what we propose will not comply to the national condition. And if we only have in mind the latter aspect, or if we make the contradictions between the two absolute, we will have the wrong idea that "the problem of adequate grain production has not been solved and a diversified economy cannot be effected," and we will be busy attending to one thing at the neglect of another. We must try to avoid these two phenomena.

As we have explained above, there has been certain changes in the lopsided internal structure of China's agriculture. But there has not been a fundamental change. There are still irrational and imbalanced phenomena. In 1978, in the total output value of agriculture throughout the country, the output value of crop growing accounted for 67.8 percent and the total output value from forestry, animal husbandry, sideline production and fishery accounted for 32.2 percent. The proportion of grain crops in crop growing accounted for 70 percent. This irrational internal structure of agriculture has brought difficulties to the further development of agricultural production. Therefore, the question of energetically developing a diversified economy has to be placed on the agenda.

By energetically developing a diversified economy, we can form an excellent ecosystem, guard against wind and sand, protect water and protect soil, regulate the weather and create excellent conditions for increasing production; we can enable the commune members to increase their income and guarantee and promote grain production in respect of funds, fertilizer and machinery; we can make full use of water from mountains, exploit natural resources such as barren mountains, marshlands, water areas, forest land and mountainous regions. China now has 1.8 billion mu of forest land, 4.3 billion mu of grasslands, 810,000 square nautical miles of sea fishing grounds, 7.4 million mu of seawater breeding areas and 75 million mu of freshwater breeding areas. These grasslands, forest land, barren mountains and water areas are a vast area for developing industrial crops and a diversified economy. By energetically developing a diversified economy, we can also provide a variety of raw materials for light industry and produce more consumer goods to meet the needs of the people; we can provide more export goods and create more income from foreign exchange; we can also allocate the surplus rural labor force to increase the range and quality of production.

At present, the two viewpoints concerning the relationship between grain production and a diversified economy are worth discussing.

One is the viewpoint that "the problem of adequate grain production has not been solved and a diversified economy cannot be effected." This is a wrong viewpoint. It is true that at present China is not yet rich in grain, and the contradictions between the supply and demand of grain are still sharp.

This phenomenon cannot be fundamentally changed within a short period of time and will, of course, restrict the development of a diversified economy. But it does not mean that we can develop forestry, animal husbandry, sideline production and fishery and the production of industrial crops only after we have solved the problem of adequate grain production. On the contrary, the two must be developed in coordination. We should understand that China has favorable conditions for developing a diversified economy: first, it has a certain foundation for developing grain production and can guarantee the people's basic livelihood needs. Second, throughout the country there are superior natural conditions for developing a diversified economy; third, in the rural areas there are large numbers of skilled workers who have rich experience in and long traditions of developing a diversified economy; fourth, we have correct policies, which serve as the fundamental guarantee for developing a diversified economy. Therefore, we must not onesidedly lay emphasis on grain production. Instead we must energetically develop a diversified economy on the basis of guaranteeing steady increases in grain production.

The other is the viewpoint that regards grain as a branch of a diversified economy and that has recently been described by some people as the "large grain" viewpoint. According to their explanation, "large grain" means "everything that can be eaten. Besides the above-stated crops of the grass family, peanuts, beans, fruit, vegetables and the woody cereals and oil-bearing crops--tea-seed oil, chestnuts, walnuts, dates and persimmons, and especially meat, eggs, milk, fish and shrimps that have a high calorific level should all be regarded as major component parts of grain." (Hou Xueyu [0186 1331 3558]: "What is the viewpoint of 'large grain' and 'large agriculture?'" "RENMIN RIBAO," 10 June 1982) I think that this "large grain" viewpoint is inappropriate.

It is true that the subjective desire in putting forward the "large grain" viewpoint is to solve the food problem of the people by various means. But as a scientific concept, the viewpoint of "large grain" is not well-conceived. First, it can easily cause confusion. The concept of "large grain" is different from that of a diversified economy. A diversified economy means forestry, animal husbandry, sideline production, fishery and industrial crops that rely on and promote grain production and vice versa and that have their own characteristics. It has a strict and clear concept that cannot be misunderstood. But the viewpoint of "large grain" has confused grain with the many branches of a diversified economy. In fact, it regards grain as a branch of a diversified economy. In this way, it has confused the concept that was originally very, very clear. Second, the viewpoint of "large grain" has confused the agricultural classification system which is basically identical domestically and internationally. China and foreign countries adopt the logical system of classification from general into divisions and from universal into specific. In the main, this logical system has classified products that are edible by human beings as "edibles" or "food." From

universal into specific, food is divided into grains such as rice, wheat, corn, sorghum, millet and beans; vegetable oils such as soybean oil and peanut oil; sugar such as cane sugar and beet sugar; fruits such as kernel fruit, pit fruit and berries; vegetables such as taproots, stem tubers, green leaves and fungi; meat such as pork, beef, mutton and other animal meats; beverages such as tea, cocoa and coffee. This classification system expresses not only the common attributes of various kinds of food, but also their special characteristics and the differences between them. This system has long been accepted through common practice and used in policy documents and scientific documents and by the broad masses of the people. But the viewpoint of "large grain" has confused this concept. Third, the viewpoint of "large grain" is divorced from the national condition of our country. Viewed from the development level of our economy and from the consumption level of the people, we can only take grain as our staple food and animal husbandry and sideline products as our nonstaple foods. The viewpoint of "large grain" treats agricultural and sideline products which are the people's nonstaple foods as equal in importance to grain, which is the people's staple food, making no distinction between the primary and secondary and between the greater and lesser urgency. Starting from this viewpoint, we cannot formulate the correct proportionate relationships between various agricultural departments, nor can we correctly fix the scale and speed of enlarged reproduction. On the contrary, it will cause "free crop planting," which will be divorced from the state plans and instructions. It will also cause a new imbalance in the agricultural structure. Fourth, the viewpoint of "large grain" has underestimated the nutritive value of the wood plant grains. According to the viewpoint of "large grain," rice, wheat and maize are "amylum grains which are only able to meet calorific needs." This does not conform to the science of food nutrition. The main component part of woody plant grains is carbohydrate, which is the main source of heat in human bodies. But analysis by cereal chemists has proved that amyllum grains are also rich in protein (8-12 percent), fat (1.5-4 percent), minerals (1.5-3 percent) and moisture (11-14 percent). Besides, they also contain multivitamins and are an important source of vitamin B. (Du Xixian [2629 1585 6343]: "Dietetic Nutrition," Shandong Science and Technology Publishing House, 1980 edition, pp 54-56) This component of rich nutrition plays an important role in guaranteeing the needs of human bodies. Some other people say that the viewpoint of "large grain" is also the viewpoint of "large food." This explanation is more inappropriate. As I have explained above, "grain" is any product that is edible by human beings. This has already the broadest sense. Is there anything else that is edible and not included in this concept? The concept is very, very clear as it is. It is somewhat redundant to add in a farfetched manner the word "large" before "grain." Will it inevitably obstruct the development of other kinds of food if the original concept of grain is used? Not necessarily. We have, however, to come back to the dialectical relationship between grain and a diversified economy. So long as we correctly handle the relations between the two, we can certainly make them promote each other and develop together.

My conclusions are as follows: Only by correctly handling the dialectical relationship between grain production and a diversified economy, can we bring the superiority in all aspects into full play, make the best possible use of land, men and material and can we enable grain production and a diversified economy to develop in an all-round way, steadily and continually. Undoubtedly, this is a fundamental problem in the study of the strategy for the development of China's agriculture.

CSO: 4006/435

ECONOMIC PLANNING

NEED TO PUBLICIZE ECONOMIC SITUATION DISCUSSED

HK041416 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 3 May 82

[Station commentary: "Actively Give Publicity to and Carry Out Education on the Economic Situation"]

[Excerpts] Cities and towns throughout Sichuan Province are currently giving publicity to and carrying out education on the economic situation. The publicity and education are of great importance to enabling vast numbers of cadres and the masses to correctly understand the current situation, to inspire revolutionary enthusiasm, to heighten their confidence, and to actively promote production and other types of work. Party organizations at all levels must actively go into action and conscientiously promote publicity and education.

Just like other parts of the country, the situation in this province is good. The province's industrial output value increased for 3 years running. Although the province's agricultural areas suffered extraordinarily serious floods last year, the province's grain output last year still increased by over 600 million jin on the basis of reaping rich harvests for 3 years running.

The past 3 years' expenditures on improving the people's living conditions account for 30 percent of the province's total revenues. No other period of time over the past 30 years and more can match these 3 years in expanding expenditures on improving the people's living conditions. Due to the great efforts made by the party and the government over the past 3 years, the wages of Sichuan staff members and workers increased by an average of 26.7 percent a year.

The great majority of people are pleased with these improvements. However, we have not given sufficient publicity on the economic situation in the past few years. As a result, although much notable improvement has been made in the people's real standard of living, some staff members and workers do not have a deep impression of the improvement and still have some confused ideas about it. Therefore, it is quite necessary to seize the opportunity to vividly give publicity to and carry out education on the economic situation for the broad masses of the people in urban factories, mines, enterprises, offices, schools and residential districts. Through education on the economic situation, we must enable vast numbers of cadres and the masses to clearly understand that since the third plenary session, the party and government have done their utmost to improve the people's living conditions.

ECONOMIC PLANNING

SHIJIAZHUANG CONFERENCE ON PRODUCTION, CIVILITY

HK240225 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT
10 Apr 82

[Summary] "According to a HEBEI RIBAO report, the provincial party committee and provincial people's government held on the evening of 8 April a telephone conference and made arrangements for such tasks as current industrial and agricultural production; how to put the civility and courtesy activities on a permanent footing and launch such activities in an extensive and penetrating manner; a crackdown on criminal activities in the economic area, and so forth. Comrade Yin Zhe presided over the meeting. Comrade Li Erzong gave a speech."

"On current agricultural production, Comrade Li Erzong stressed the problem of fighting drought. Some time ago, various areas aroused the masses to action and achieved some results. But we should clearly note that the development of work has been rather unbalanced. Many areas have not performed well. We must be determined to fight a sustained and hard battle against drought and other natural disasters.

"1. We must properly solve the problem of basic-level leading groups. It should be affirmed that most of the basic-level leading groups are good or relatively good. But those inactive or partially active leading groups must be reorganized by competent cadres. Concerning the good and relatively good leading groups, we must support their work and help them sum up experiences, develop achievements, overcome weaknesses and improve their work. The bad elements who run foul of the law and discipline and disrupt socialist order must be resolutely dealt with according to the law.

2. In stabilizing and improving the responsibility system, we must take good care of the management responsibility system concerning existing motor-pumped wells and irrigation facilities in line with the spirit of a recent RENMIN RIBAO editorial calling for the solution of problems in nine fields. At present, we must first properly take care of public motor-pumped wells and irrigation facilities. They must again be brought under control and organized to provide irrigation for fields in a unified manner. Those that have been distributed must be immediately reclaimed. Those wells sunk by individuals can be controlled by themselves.

3. We must sink new wells and repair old ones and open up all available water sources that can be tapped. We must try to conserve water in every way.

4. We must try to properly arrange and use anti-drought operating funds as quickly as possible. We must do a good job of conserving water and diesel oil and providing electricity. Those people who practice corruption appropriating anti-drought funds and trading illegally in diesel oil must be severely dealt with. Those who waste diesel oil and water should be given a serious lesson. Measures should be taken to make them correct their ways." Its financial income was also relatively satisfactory. For the second quarter, we must keep up our efforts. In line with the spirit of the instructions of the central authorities, we must organize competent working personnel to crack down on criminal activities in the economic sphere while consolidating enterprises. Those inactive or partially active units must be immediately reorganized, so that they can become leading groups that play an active role. Concerning the problem of improving economic returns, we must arouse the masses to hold widespread discussions and work on drawing up measures, lowering costs and improving quality. Economic returns can thus be improved.

CSO: 4006/435

ECONOMIC PLANNING

SHANDONG HOLDS WATER UTILIZATION CONFERENCE

SK011356 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Apr 82

[Text] The provincial conference on water utilization in urban areas sponsored by the provincial people's government ended recently in Jinan. The conference stressed: To solve the problem on water utilization in urban areas, we must pay equal attention to broadening sources of water and reducing consumption. Not only the current but also the long-term problems on water utilization should be solved. Various cities should devote major efforts to curb water consumption just as they do in conserving energy so as to help boost the national economy.

The conference pointed out: Urban areas in our province are suffering from serious water shortages. Water supply in the province's 10 municipalities falls short of demand by 1 million tons each day. To counter this, the conference put forward four measures:

1. The whole party and all the people should be mobilized to conserve water. The key to conserving water lies in economizing on industrial water consumption, especially consumption by enterprises which use large amounts of water. We should regard the increase of the repeated utilization ratio of industrial-use water as an important method to solve the water shortage. Referring to daily water consumption, the system of collecting water charges in a unified manner regardless of how much is consumed should be abolished. Meanwhile, each household should be equipped with a water meter so that water charges will be collected on the basis of the amount consumed.
2. All fields should be encouraged to build new water sources to expand the water supply capacity.
3. Strengthen the management of water sources in urban areas. Urban construction departments should manage water sources in a unified manner. When enterprises, establishments, government units, groups and army units extract groundwater and use surface water, they must apply for approvals from urban construction departments. All water sources owned by various enterprises should be investigated and registered. Such enterprises should have water meters installed and utilize water in accord with the approved plans.

4. Party committees and people's governments at all levels should list the water shortage problem, which affects the national economy and the people's livelihood, as an important item on their daily agenda. All planning, economic and construction commissions as well as urban construction and water conservancy departments should make concerted efforts to successfully solve the problem of water utilization in urban areas.

CSO: 4006/435

ECONOMIC PLANNING

BRIEFS

NEI MONGGOL INDUSTRIALISTS, BUSINESSMEN—Since last year, former industrialists and businessmen have made over 100 suggestions for economic readjustment and various other work in Nei Monggol region. They have made great contributions to the four modernizations and helped departments concerned to establish and strengthen collective enterprises, arrange jobs for unemployed youths, begin economic activities with foreign countries and enliven the economy in Nei Monggol region. The regional industrial and commercial federation held the third enlarged meeting of its Fourth Standing Committee 10-15 April to sum up experiences in 1981 and arrange work for 1982. [SK200952 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Apr 82 SK]

CSO: 4006/435

ECONOMIC MANAGEMENT

GANSU HOLDS MEETING TO HEAR FIRST QUARTER ECONOMIC REPORTS

SKD50950 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 4 May 82

[Summary from poor reception] "The provincial CCP committee recently held a meeting of Standing Committee members to hear reports by the party organs of the provincial economic commission and the provincial financial department on our province's first quarter economic results and on revenue and expenditures, and to discuss ways to improve further the economic work, to raise economic benefits, to increase revenue and to economize on expenditures. Our province scored fairly good achievements in industrial production in the first quarter." The meeting urged staff members and workers on the industrial and communications front to develop further the achievements, make consistent efforts, do solid work and regard the raising of economic benefits as their main tasks in order to fulfill and overfulfill the production tasks in the first half of this year.

"The meeting urged party committees at all levels, in the light of the situation in their own localities and units, to grasp well the following tasks:

1. All economic departments must grasp the raising of economic benefits as their main task. The industrial production of our province in the first quarter of this year is fairly good. However, we must note that the economic benefits are rather poor."
2. Repeatedly conduct traditional education of plain living and hard work among cadres, staff and workers and urge them to take Daqing as an example in their work. Leading cadres at all levels must take the lead in this work and set themselves as examples in observing state stipulations. Good persons and deeds must be commended. Unhealthy work style such as lavish spending must be criticized. Persons who spend state funds and cause serious consequences must be sternly dealt with.
3. Pay attention to economic returns. The bureaucratic attitude of ignoring economic results while spending money must be criticized.
4. Strengthen management and supervision over financial work. All units must serve as examples in observing state stipulations on financial affairs and properly handle the relations of the state, enterprises and the staff and workers.
5. Strengthen leadership over economic work. "The meeting urged the broad masses of staff and workers on the industrial and communications front to continue to enhance the revolutionary spirit with a high sense of responsibility of being masters of the country, work hard and strive to raise economic results and make new and greater contributions to the building of the socialist material and spiritual civilizations."

ECONOMIC MANAGEMENT

BRIEFS

HUBEI STATISTICAL WORK CONFERENCE—On 21 April Han Ningfu, secretary of the Hubei Provincial CCP Committee and governor, spoke at the Hubei provincial conference on statistical work, demanding that statistical work in the province be raised to a new level. The statistical departments of governments at all levels, professional statistical departments and statistical cadres of enterprises, units and communes must study politics hard and be proficient in professional work. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 22 Apr 82]

CSO: 4006/431

'ZHONGGUO JINRONG' PUBLISHES BANKING OVERVIEW

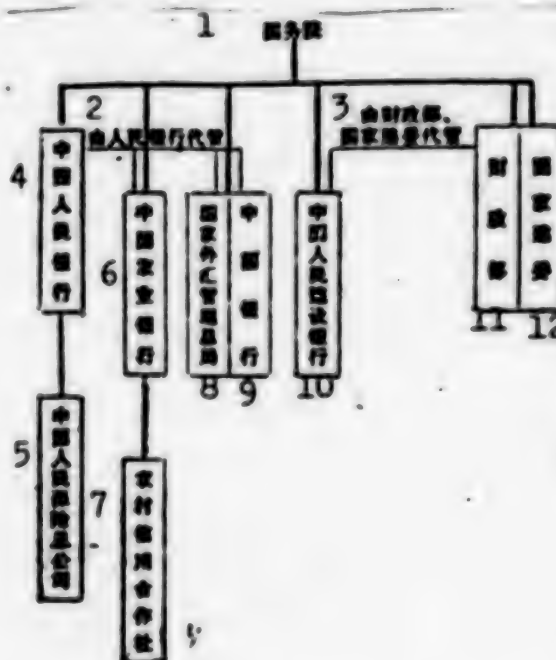
Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese Nos 6-8, Jun, Jul, Aug 82

[Article by the Planning Bureau of the People's Bank of China: "An Overview of PRC's Banking"]

[No 6, 4 Jun 81, pp 13-15]

[Text] I. PRC's Banking System

Our banking system consists of the People's Bank of China as the central bank and other specialized banks and banking organs.



- Key:
1. State Council.
 2. Controlled by the People's Bank of China by delegation of authority.
 3. Controlled by the Ministry of Finance and the State Capital Construction Commission by delegation of authority.

4. People's Bank of China.
5. People's Insurance Company of China.
6. Agricultural Bank of China.
7. Rural Credit Cooperative.
8. State General Administration of Exchange Control.
9. Bank of China.
10. People's Construction Bank of China.
11. Ministry of Finance.
12. State Capital Construction Commission.

II. The People's Bank of China.

1. The Character, Function and Basic Tasks of the People's Bank of China

The People's Bank of China is the state bank of the PRC, a component of the State Council and under the direct leadership of the State Council. It is a state administrative organ in charge of banking as well as an economic organization for credit handling. It is also entrusted by the State Council with the control over the Agricultural Bank of China, the State General Administration of Exchange Control and the Bank of China.

The People's Bank of China is the sole bank to issue banknotes. It prints and issues renminbi according to the power invested by the state.

The People's Bank of China is responsible for drafting the state's unified financial policies both general and specific, setting interest rates, the main control systems and other financial regulations.

In credit handling, the People's Bank of China should implement the state's general and specific policies, use economic methods for economic control, bring into play the bank's role as an economic lever, promote and supervise economic activities, support the planned, proportionate and sustained development of the national economy; and accelerate the socialist modernization.

The People's Bank of China's functions and main tasks are:

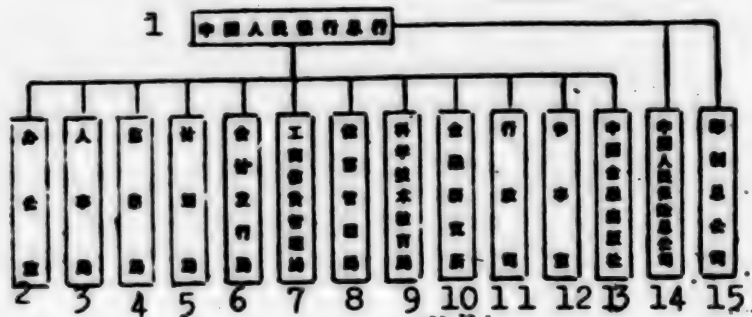
- (1) To exercise unified control over currency issuance and currency control and to regulate currency circulation on the market.
- (2) To organize the deposits of various units and the savings deposits of residents and to raise funds for socialist construction as well as to grant industrial and commercial loans to support the development of production and the expansion of commodity circulation.
- (3) To devise unified nationwide credit and cash plans, and organize, carry out and bring about an overall balance of nationwide credit funds.
- (4) To exercise unified control over the dealings in gold and silver and control over the monetary market according to government decrees and the power invested, control over cash and supervision over wage funds.
- (5) To set interest and foreign exchange rates.

(6) To handle treasury receipts and expenditures.

(7) To handle the nationwide settlement of accounts in both urban and rural areas.

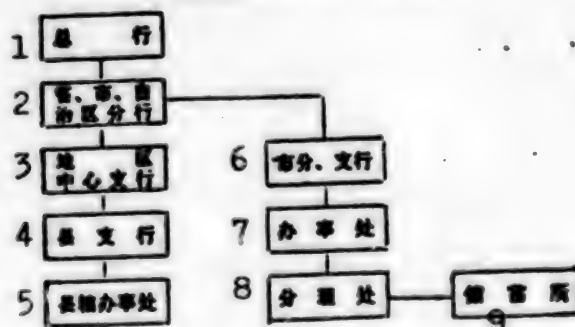
2. The Functional Organs and Personnel of the People's Bank of China

The functional organs in the main office of the People's Bank of China are as follows:



- Key:
1. Head Office of the People's Bank of China
 2. Staff Office
 3. Personnel Bureau
 4. Supervisory Bureau
 5. Planning Bureau
 6. Accountants and Circulation Bureau
 7. Industrial and Commercial Loans Control Bureau
 8. Savings Control Bureau
 9. Science and Technical Education Bureau
 10. Financial Research Department
 11. Administrative Department
 12. Counsellors' Office
 13. ZHONGGUO JINRONG [CHINA'S BANKING] Publishing House
 14. People's Insurance Company of China
 15. General Printing Company

Nationwide Organizational Chart of the People's Bank of China



- Key:
1. Head Office
 2. Provincial, Municipal and Autonomous Regional Branches
 3. Prefectural Central Branches

4. County Branches
5. County-controlled Offices
6. Municipal Branches
7. Offices
8. Suboffices
9. Savings Deposits Offices

The People's Bank of China has branches [fen hang 0433 5887] in all provinces, municipalities and autonomous regions; central branches [zhongxin zhihang 0022 1800 2388 5887] in all prefectures; branches [zhi hang] in the counties; and offices or business offices in the large towns and the industrial and mining areas.

Branches [fen hang] are set up in the larger cities under the jurisdiction of the provinces, while another type of branch [zhi hang] is set up in the other cities. Under these municipal branches of both types are area offices; and under these offices, suboffices or savings deposits offices may be established according to business requirements.

By the end of 1980, the People's Bank of China had a total of 16,731 organs at various levels throughout the country. Among them were 29 provincial branches [fen hang]; 202 municipal branches of both types; 207 central branches; 2,098 county branches; 993 town offices; 2,221 suboffices; 8,417 savings deposits offices; 1,700 county offices, 316 branch insurance organs, and more than 500 others.

By the end of 1980, the People's Bank of China had a total of more than 35,000 cadres and workers.

III. Specialized Banks and the Other Banking Organs

1. The Agricultural Bank of China

The Agricultural Bank of China is directly affiliated with the State Council, but controlled by the People's Bank of China through delegation of authority. It is a specialized bank for handling rural credit and is responsible for the organization of rural credit funds and the unified control of various state funds in aid of agriculture, the centralized handling of credit in rural areas and loans to state farms and supply and marketing cooperatives. It also provides leadership for the rural credit cooperatives in addition to handling other matters as entrusted by the state and the People's Bank of China.

The Agricultural Bank of China has branches in all provinces, municipalities, autonomous regions, prefectures and counties, with business offices below the county level. By the end of 1980, this bank had a total of 27,828 branches at various levels and more than 284,000 cadres and workers.

2. The State General Administration of Exchange Control

The State General Administration of Exchange Control is directly affiliated with the State Council, but controlled by the People's Bank of China through

a delegation of power. It is responsible for foreign exchange control, including the unified control of the state's foreign exchange; for checking and supervising all the receipts and spendings of trade and nontrade foreign exchange; for an overall balance of plans for foreign exchange receipts and spendings; for publicizing the rates of exchange between renminbi and other foreign currencies; and for handling other matters as entrusted by the state and the People's Bank of China. The State General Administration of Exchange Control has foreign exchange control branches in the provinces, autonomous regions and the main coastal ports where its work is heavy.

3. The Bank of China

The Bank of China is directly affiliated with the State Council, but is controlled by the People's Bank of China through a delegation of power. It is a state-designated import-export bank and our only specialized bank handling foreign exchange. It is responsible for handling all international credit, settlement of accounts, signing agreements with foreign exchange, and handling foreign exchange credit, foreign trade credit, overseas Chinese remittances, and other matters as entrusted by the state and the People's Bank of China. Based on the requirements of its business development, the Bank of China has gradually set up its branches in various provinces, municipalities, autonomous regions, and coastal ports. By the end of 1980, it had 79 branches with more than 8,000 cadres and workers. There are Bank of China branches in Hong Kong, London, Tokyo, Singapore and Luxemburg, and foreign agencies in the principal countries and regions all over the world.

4. The People's Construction Bank of China

The People's Construction Bank of China is directly affiliated with the State Council but controlled jointly by the State Capital Construction Commission and the Ministry of Finance, (mainly by the Ministry of Finance) through a delegation of power. It is a specialized bank in charge of state investment in fixed assets and with a dual financial and banking function. It is responsible for keeping the state's capital construction outlay budget; setting up financial control systems for capital construction; examining and approving the financial plans for capital construction and final financial accounts of various regions and departments; allocating funds and granting loans according to state planning and the financial budget to the capital construction units, the construction and installation enterprises, the geological prospecting units, and the supply and marketing enterprises for capital construction; controlling state financial allocations to existing enterprises for tapping potential and carrying out technical renovation and transformation, and the funds retained by the enterprises for the same purpose; absorbing and organizing the use of various deposits in the sphere of fixed assets and extending loans for tapping potential and carrying out technical transformation; and exercising supervision over the use of funds.

The People's Construction Bank of China has branches in various provinces, prefectures and counties; and special organs in localities where construction tasks are fairly concentrated and important construction projects are already in progress.

5. The People's Insurance Company of China

The People's Insurance Company of China is under the leadership of the People's Bank of China, and is responsible for domestic and international insurance and reinsurance. Domestic insurance has been suspended for some time, but is now gradually restored. At present, the People's Insurance Company of China has established direct or indirect exchange and reinsurance relations with more than 900 insurance companies in some 120 countries and regions.

The People's Insurance Company of China has established branches in the large and medium-size cities in various provinces, municipalities, the important coastal ports, and county cities where industrial and commercial activities are fairly concentrated. It also has two subordinate joint state private insurance companies, namely, the China Insurance Company and the Taiping Insurance Company.

6. The Rural Credit Cooperative

The Rural Credit Cooperative is a rural collective banking organization as well as the basic level organ of the Agricultural Bank of China. It handles rural banking, carries out the tasks of the state banking organs in the countryside and implements the unified state monetary policies. The interest rates charged by the credit cooperative can be slightly higher or slightly lower than the rates of state banks. However, it is still using the unified state interest rate, while special rates are for personal loans only. It practices independent economic accounting and assumes responsibility for profits and losses. The banks have to pay handling fees to the credit cooperative if they entrust any task to it. Should the credit cooperative suffer any loss because of charging interests at the unified state rate, the banks have to subsidize it.

Furthermore, trust and investment companies have been established in some localities to handle trust and investment matters on a trial basis. Since its inception in October 1979, the China International Trust and Investment Corporation has adopted many forms to absorb foreign funds, and is now actively and steadily developing its business. It has successfully negotiated with foreign countries in organizing 30 production projects in the form of joint venture with Chinese and foreign investment.

All these specialized banks, insurance companies and credit cooperatives are combining with the People's Bank of China to form a unified nationwide banking system with its banking network in the urban and rural areas throughout the country.

IV. Issuance of Banknotes

Renminbi is the currency of PRC, and the renminbi issued by the People's Bank of China is the only currency in circulation on the domestic market. It is only for domestic circulation and not to be brought out the country. We also forbid the circulation of foreign currency in the domestic market.

We are now implementing the policy of currency stabilization. The issuance of renminbi is based on the needs of our national economic development and for economic instead of financial purposes. The amount of currency issuance and the varieties and forms of the currency to be printed and the coins to be minted should all be approved by the State Council.

The state forbids any locality, department or unit from issuing any currency or token money. Any form of forgery which would undermine the renminbi or its prestige will be dealt with according to law.

V. Banking Administration

1. Cash control. The People's Bank of China controls the cash of all state-run enterprises, public agencies, government offices, social groups, army units, schools and collective economic units. All specialized banks exercise the same control on behalf of the People's Bank of China over their customers.

2. Control of gold and silver. The People's Bank of China exercises unified control over dealings in gold and silver and handles the receipts, payments and controlled sales of gold and silver. Other units dealing in gold and silver and articles made of them should have approval by the People's Bank of China. The state prohibits private buying or selling of gold and silver and their circulation at certain prices.

3. Credit control. Credit should be concentrated at the bank, and no locality or unit whatsoever is permitted to set up their own banking organs for the deposit of money or extension of loans. The state strictly forbids usury. Nobody can be permitted to lend money or material objects to others at usurious rates, and offenders will be dealt with according to law.

4. Foreign exchange control. The state has designated the Bank of China as the sole agency for handling foreign exchange credit, settlement of foreign exchange accounts and other foreign exchange transactions. Private dealings in foreign currencies and foreign negotiable securities, and their circulation at certain prices are forbidden.

5. Interest rate control. Interest rates are under the overall control of the People's Bank of China. This bank may delegate to the specialized banks the authority to set or revise certain interest rates. No other departments or units can set the interest rates for deposits or loans.

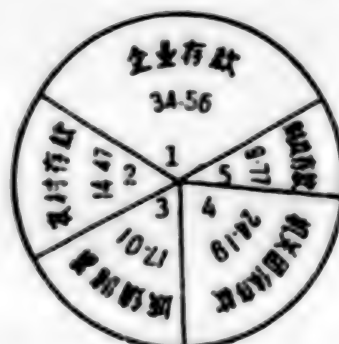
6. Control of banking organs for foreign funds. Overseas Chinese or foreign merchants wishing to establish overseas investment banks, joint venture using Chinese and foreign investment, foreign investment banks or other banking facilities must first apply for approval. They must abide by the PRC laws and accept the control and supervision of the People's Bank of China. The PRC Government will protect their legitimate interests.

[No 7, 4 Jul 81, pp 16-18]

VI. Bank Deposits

One of the main tasks of banks is to collect and organize the idle funds in various national economic sectors and from the private individuals in both urban and rural areas. Bank deposits are divided into two different types according to their characteristics. One of them is unit deposits (including the deposits of enterprise units, government offices, social groups, schools and other units), and the other is private savings deposits. At present, the deposits incorporated in the overall nationwide credit balance are from the People's Bank of China, the Agricultural Bank of China and the Bank of China and their branches.

The composition of bank deposits in 1980 are shown in percentages as follows:



- Key:
1. Enterprise deposits.
 2. Rural deposits.
 3. Urban deposits.
 4. Government office and social group deposits
 5. Financial deposits.

1. Unit Deposits

According to state regulations for cash control, the funds of all enterprises, government offices, social groups, schools and other units and their receipts from the transfer of accounts should be deposited in state banks if the amount exceeds the cash on hand limit. This type of deposit is compulsory. The bank pays interests on the deposits of the departments in charge of enterprises, the enterprises and public agencies with independent accounting; but not on the deposits of government offices, social groups and other public agencies because they do not engage in production and the working funds used on commodity circulation are from government allocations.

2. Savings Deposits

These deposits come from the urban and rural population. The right of savings possession is protected by the PRC Constitution. The principle behind individual savings deposits in our country is: voluntary deposits; freedom in withdrawals; interest for deposits; and information on depositors treated as confidential.

Deposits are classified into current savings and fixed deposits. Fixed deposits amount to approximately 80 percent, and current savings amount to approximately 20 percent. The terms for fixed deposits, on a one-time deposit and one-time withdrawal basis, can be half a year, 1 year, 3 years or 5 years. Fixed deposits on a multiple deposit but one-time withdrawal basis, and fixed deposits by Overseas Chinese in renminbi are for 1 year, 3 years and 5 years. The deposits by people in cities and the countryside are handled by the savings branches of the People's Bank of China. Among the enterprises, public agencies, government offices and other units, the masses have also formed their mutual-aid savings associations. If conditions permit, the government offices, enterprises, schools, army units and other units can also set up their savings agencies. By the end of 1980, the deposit balance increased by 31.8 percent over that of 1952, and the number of savings accounts also increased by 17 times.

Figure showing increases in our urban savings deposits.



Key: 1. Amount of deposits.

2. Number of savings accounts.

The savings deposits of rural commune members are handled by the rural credit cooperatives. By the end of 1980, the deposit balance was more than that of 1953 by more than 1,000 times.

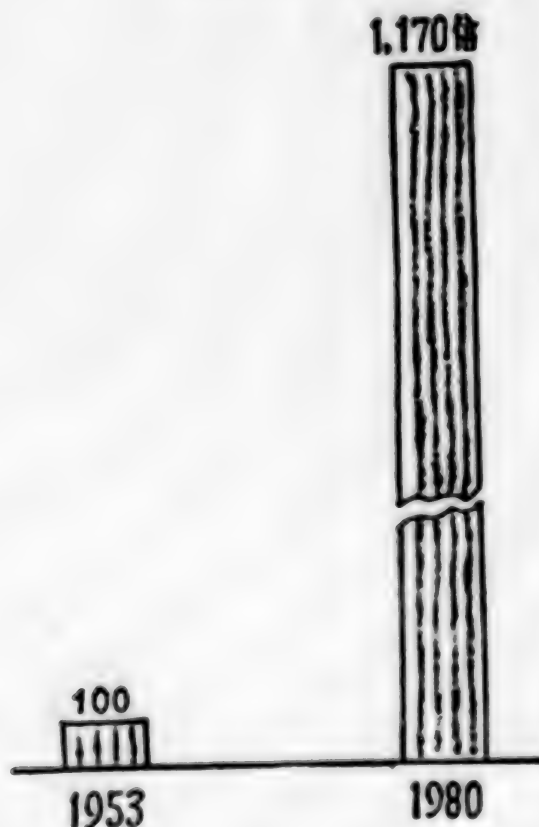
Figure showing increase in our rural commune members' savings

(100 for 1953)

存款到1980年增加了一千多倍。

我国农村人民公社社员储蓄存款增长情况

(以1953年为100)



The main causes for the huge increases in our savings deposits are as follows:

1. The people's income has continued to increase and their living conditions have continued to improve. They now have more money than they need
2. People are strongly imbued with the spirit of building the country and running the household through diligence and frugality.
3. The party and the state have adopted correct principles and policies to develop savings.
4. The interest rates for deposits have been raised.

5. The increase of savings facilities and personnel has improved savings service.

VII Loans from the People's Bank of China and the Other Specialized Banks

Loan serves as a channel for the redistribution of funds by the state. Through banks, the state collects the idle funds in the society and then issues them in the form of loans for supporting the development of industrial and agricultural production, the expansion of commodity circulation, and the potential tapping and technical renovation and transformation of the old enterprises.

Principles behind our loans and their special features:

- (1) All credit facilities are concentrated on the banks. Commercial credit is not permitted. No locality or unit whatsoever can set up their own banking facilities to handle deposits or to extend loans.
- (2) Financial funds and credit funds must be separately controlled in principle. The use of bank credit funds for financial allocations is strictly prohibited.
- (3) Loans should be granted according to plans, and each enterprise should be treated on its merit, so that support will be given to the deserving ones. In applying for loans, the enterprises must have their economic contracts examined by the bank which will issue the loan at its own discretion.
- (4) In applying for loans, there must be assurances of the suitability and marketability of materials. The banks do not grant loans for the production or marketing of unsaleable goods or materials.
- (5) The loans must produce economic benefits, and be repaid on time in order that there can be turnovers.

Our loans are classified by trades. There are agricultural loans, industrial loans and commercial loans. Those classified according to their economic characters are state-run enterprise loans, collective enterprise loans, and loans for individual economy. There are also circulating fund loans, and short- or medium-term equipment loans according to the character of funds.

Agricultural Loans

Agricultural loans are granted by banks to support grain production and economic diversification in order that there will be an all-round development of agriculture, forestry, animal husbandry, sideline production and fishery. Therefore, the extension of agricultural loans in support of agricultural development occupies a very important place in the work of banking. Agricultural loans are granted according to the principle of "using state aid as a supplement to self-reliance." These loans and other agricultural funds should be rationally used under an overall arrangement. In supporting the production of commodities by the communes and production brigades or teams, we must stress economic results.

Our agricultural loans are of several types, such as loans for agricultural production expenses, loans for production equipment, loans for commune-run enterprises, loans for state farms, loans for small rural hydropower stations and loans for the circulating funds of credit cooperatives. All these loans are granted by the Agricultural Bank of China in accordance with established regulations and policies. Personal loans to individual commune members are granted by the credit cooperatives.

2. Industrial Loans

Industrial loans are granted to industrial enterprises as extra circulating funds or as short- and medium-term equipment loans. The regular circulating funds are allocated by the state. Industrial loans are granted to state-run industrial enterprises with independent accounting, the supply and marketing enterprises under the industrial departments in charge, the material supplies enterprises at various levels, the collective industrial enterprises and individual economy.

Types of Industrial loans:

- (1) Extra loans. These are for circulation funds of a seasonal or temporary nature for state-run enterprises. The terms are at most 1 year.
- (2) Collective industrial loans. These loans are granted to collective industrial enterprises whose business operation has been approved by the industrial and commercial administrative departments in charge. They must have their own minimum funds for regular production.
- (3) Loans for the settlement of accounts. These loans are mainly intended for the settlement of accounts by enterprises which have already delivered their goods but not yet received the payment for these goods.
- (4) Loans for major repairs. These loans are intended to help enterprises carry out their major repairs pending their receipt of the regular major repair funds.
- (5) Short-and medium-term equipment loans. These are mainly intended for tapping potential and carrying out technical renovation and transformation among the old industrial plants. They can also be used on minor alteration or expansion projects, or on measures of energy conservation; but not on new projects or on the continuation of capital construction projects. These loans generally are classified into equipment loan for state-run industry, special light and textile industrial equipment loan, energy conservation equipment loan, equipment loan for collective industry, gold equipment loan, loan for small county-run hydropower stations and other special loans as approved by the State Council.
- (6) Individual industrial household loans. These are granted to individual industrial households as approved by the industrial and commercial departments in charge. These households must have their own funds and certain security.

3. Commercial Loans

The special feature of commercial loans is that, since commodity circulation is closely related to currency circulation, the grant of loans to the commercial departments for stocking up their goods can help in currency withdrawal when the goods are sold. These are purely short-term loans. That is why bank credit can take care of a fairly large portion of the commercial enterprises' circulating funds, generally amounting to 70 percent. The banks are usually quite liberal in granting loans to the procurement enterprises for the procurement of agricultural sideline products of the first and second categories and the main items of the third category. If the procurement is more than the planned amount and there is not enough time to apply for an increase in the loan, the loan can be extended while the application is being processed.

Types of commercial loans:

- (1) Commodity circulation loans. These loans are intended to help increase the stocking of goods and the procurement of industrial products and agricultural sideline products as a stop-gap measure or for the settlement of accounts.
- (2) Downpayment loans for the procurement of agricultural sideline products. These loans are granted to commercial departments as downpayment for the procurement of agricultural sideline products (including cash crops and export supplies) from the communes and production brigades in the countryside.
- (3) Major repair loans. These are intended for the commercially run industry to carry out major repairs. The arrangements are the same as for industrial loans.
- (4) Short- and medium-term equipment loans. They are used to help commercially run industry tap potential and carry out technical renovation and transformation.

Commercial loans include state-run commercial loans, collective commercial loans, individually run commercial loans, and loans for the food, service and repair trades. Loans for the commercial sector, grain loans, and loans for the farm machinery company, the Xinhua Book Store, and other commercial loans are handled by the People's Bank of China; loans for the supply and marketing cooperatives are handled by the Agricultural Bank; and loans for the foreign trade sector are handled by the Bank of China.

[No 8, 4 Aug 81, pp 56-59]

VIII. Control of Banks' Plans

The plans of our banks are mainly the comprehensive credit plan and the cash receipts and payments plan. Formulation, implementation and control of these plans can reflect and reveal the situation and problems in the implementation of the national economic plan, provide guidance for the development of bank business, and bring the role of banks into play. The comprehensive credit

plan and the cash receipts and expenditures plan include the plans of the Agricultural Bank of China and the Bank of China, which are to be comprehensive credit plan and the cash receipts and expenditures plan include the plans of the Agricultural Bank of China and the Bank of China, which are to be comprehensively balanced by the People's Bank of China at each level and then reported to the higher authorities level by level. Both the comprehensive credit plan and the cash receipts and payments plan of the state are compiled by the People's Bank of China.

1. Comprehensive credit plan

(1) This plan deals with the sources and uses of funds. The sources of funds include the bank's own funds, financial allocations for the credit funds and various types of deposits. The uses of funds includes various types of loans, funds on hand and foreign exchange on hand.

(2) System of plan control: According to the principle of unified planning by the central authorities and differentiated administration at the central, provincial, municipal and autonomous regional levels, the People's Bank of China's head office formulates the annual credit plan for various provincial, municipal and autonomous regional branches; and within the scope of the annual credit plan approved by the head office, the provincial, municipal and autonomous regional branches work out quarterly plans which should be reported to the high levels for their file. The credit plans for the enterprises directly controlled by the central ministries are jointly controlled at the central and local levels. All the provincial, municipal and autonomous branches should in each month and each quarter examine how the credit plan is being carried out, so as to uncover problems and take prompt measures to ensure its implementation. To give more scope to the initiative and enthusiasm of the provincial, municipal and autonomous branches, the plan control system of "unified planning, differentiated administration, linking deposits with loans and controlling the disparity" was tried out on a nationwide scale beginning from 1981. Under this system, the main office will only control the disparity between deposits and loans among the branches; if the branches can absorb more deposits, they are free to grant more loans.

(3) Method of responsibility for rural credit index. Beginning from 1971, the newly added portion of rural deposits each year can be used as agricultural loans under the overall arrangement of the provinces provided withdrawals by the depositors are guaranteed. The main office will not make other arrangements for them.

2. Plan for Cash Receipts and Payments

(1) The plan is for cash receipts and cash payments. Cash receipts include the proceeds from commodity sales, from services rendered, from rural credit, from taxation, from urban savings deposits, from the handling of remittances and other sources. Cash payments include the payment of wages and other individual expenses, payment for the procurement of agricultural sideline products, payment for rural financial credit, payment of the operating expenses of administrative enterprises, payment for the procurement of

industrial and mineral products, payment for urban savings deposits, and for remittances.

(2) System of plan control: The same as the system of comprehensive credit plan control. Based on the national economic plan and the annual cash plans compiled and reported by the various provincial, municipal and autonomous regional branches, the main office compiles the national plan for cash receipts and payments, and sets the targets for the issuance and withdrawal of cash in the provinces, municipalities and autonomous regions. The branches will organize and carry out monthly and quarterly examinations and analyses on the changes in the cash receipts and payments based on the approved plan in order to handle the existing problems.

IX. Our Currency Circulation and Regulation

Under the control system of socialist planned economy in our country, money transactions among different units are basically carried on through the transfer of bank accounts and cash is very rarely used. Cash is mainly used for the payment of wages or for the exchange of commodities between the state and the collective economy or individuals. Therefore, the channels for the circulation, issuance and withdrawal of currency in our country are as follows:

1. Channels for cash issuance:

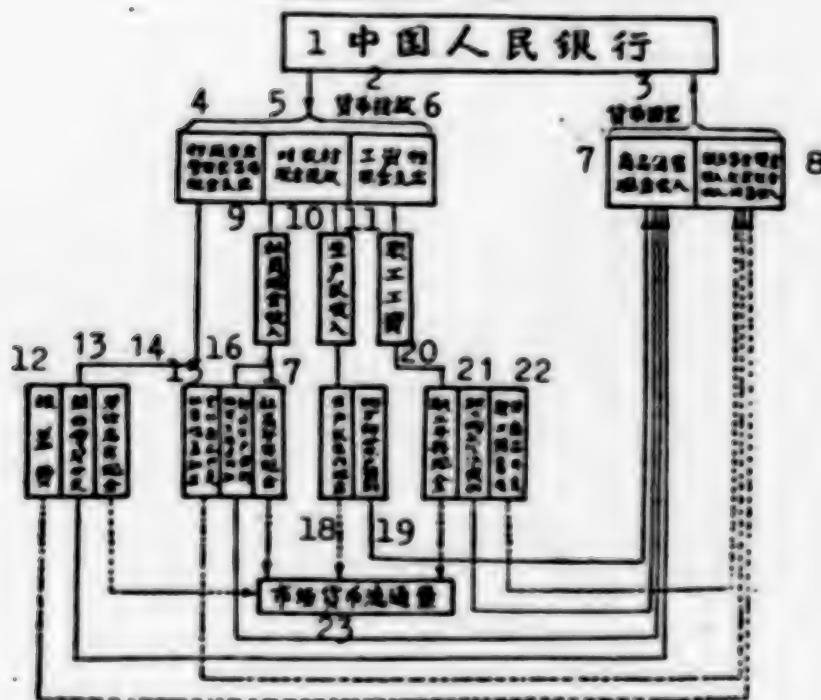
- (1) Payment of wages or additional wages for workers and staff members and individual expenses.
- (2) Payment for the procurement of agricultural sideline products to the rural collective economy or individual commune members.
- (3) Payments for the procurement of industrial and mineral products and handicraft products; for the collection of used and old materials; and for the handling of gold and silver transactions.
- (4) Payment for part of the operating expenses of various units (such as 1 expenses, expenses for the performance of official duties, petty cashes and other operating expenses of administrative enterprises).
- (5) State issuance of financial credit to the countryside (such as commune investment, agricultural loans, social relief for the countryside, and so forth).

The first three items account for 80 to 90 percent of the total amount of cash issuance.

2. Channels of Cash Withdrawal

- (1) Proceeds from commodity sales by state-run or collective commerce. These proceeds are commonly called cash receipts from commodity sales.

Figure showing money circulation



- Key:
1. People's Bank of China
 2. Issuance
 3. Withdrawal
 4. Operating expenses for administrative enterprises
 5. Issuance to the countryside
 6. Payments in the nature of wages
 7. Proceeds from commodity sales
 8. Service charges, taxes and bank deposits
 9. Commune members' income
 10. Production teams' income
 11. Wage fund
 12. Travel expenses
 13. Units' petty cash expenses
 14. Units' cash on hand
 15. Commune members' savings and noncommodity expenses
 16. Purchases of the means of subsistence and part of the means of production
 17. Commune members' cash on hand
 18. Production teams' cash on hand
 19. Purchase of part of the means of production
 20. Workers' cash on hand
 21. Workers' purchase of the means of subsistence
 22. Workers' savings and noncommodity expenses
 23. Amount of currency in market circulation

(2) Fees collected for services rendered by units, such as transportation fares, movie ticket charges, water and electricity charges and the receipts by the food and drink service trade.

(3) Taxes to be paid by residents.

Commodity sales account for approximately 70 percent of the total withdrawal.

3. Basic Stability of Our Currency Circulation

Our policy of currency stabilization is now in force, and our currency circulation is basically stable mainly because of the following conditions:

(1) The planned and proportionate development of socialist economy is the economic foundation for the stability of the renminbi as well as the basic condition for regulating currency circulation in a planned way.

(2) The large-scale supply of commodities to the market under state control and at stable prices is the material foundation for the stability of the renminbi.

(3) We are firmly upholding the principle of keeping the revenues and expenditures in the financial budget balanced and leaving a little surplus for the current year and the principle of separate controls of credit and financial funds. This is a reliable guarantee of the stability of the renminbi.

(4) We have established monetary and credit system for the independent, centralized and planned regulation of currency circulation. Unless approved by the state, all forms of commercial credit are forbidden. All credit rights and debts (except in petty cash transactions as stipulated in the "Cash Control Regulations") should be handled by banks through the transfers of accounts. All forms of negotiable instruments are forbidden.

X. Cash Control

Cash control constitutes an important financial system in our country and plays a significant role in consolidating and developing socialist economy. According to state regulations, all cash funds of state-run enterprises, public agencies, government offices, social groups, army units, schools and collective economic units by the People's Bank of China. For those units which have opened accounts with the specialized banks, these specialized banks will control their cash funds on behalf of the People's Bank of China. The specific methods of control are as follows:

1. All units in possession of cash are allowed to keep only a limited amount of cash on hand, and any excess should be deposited in the bank.

2. Except for the amounts within the limit of the cash on hand, the settlement of accounts among all units in their economic contacts must be carried

out by the bank through transfers, unless other means are in conformity with state regulations and agreed to by the bank.

3. The use of cash by the units are mainly confined to individual payments in the urban and rural areas, petty cash expenses, and payments for the procurement of suitable amounts of agricultural sideline products in the country fairs according to state regulations.

4. All units wishing to procure materials in other places should settle their accounts through bank transfers, except for extraordinary circumstances and with the bank's concurrence after examination of the circumstances, in which case they may be allowed to carry certain amounts of cash with them.

5. The units handling many cash transactions should work out their own plans of cash receipts and expenses.

Enforcement of cash control can help the state banks regulate the momentary circulation and stabilize the market in a planned way. It also helps the bank collect huge sums of idle funds to be used to support the development of industrial and agricultural production and to expand commodity circulation. The reduction of cash transaction will help reduce currency issuance, thus saving the social labor otherwise required for counting and checking the money, and for its transportation and custody.

XI. Supervision of Wage Funds

The State Council has authorized the People's Bank of China to supervise wage funds. All money paid to the workers by their units in the nature of wages must be incorporated in the State Labor Wage Plan. After approval by the relevant departments, the labor wage plans prepared various units should be forwarded to the bank which is charged with the responsibility of supervision. Should there be any unplanned increase of personnel, increase of fringe benefits or subsidies, indiscriminate payment of bonuses or other acts of violation of the state's wage policies, the bank can report this to the departments concerned and urge them to make an early settlement. If necessary, the banks have the power to refuse payment.

At present, expenses in the nature of wages account for 50-60 percent of the total amount of our cash payments. The bank's supervision in collaboration with the relevant departments over the payment of wages can help guard against unauthorized expenditures by the units which are excessive for the state's wage plan and may increase the currency issuance. Thus the bank can play an even more effective role in regulation monetary circulation.

XII. Transfers and Settlement of Accounts by the People's Bank of China

Except for the cash transactions permitted by the regulations on cash control, the settlement of all accounts in the economic contacts among different economic units in our country should be handled by the bank through transfers. All units having accounts to settle must have opened accounts with the bank according to regulations, and must keep an adequate balance in the bank to cover the expected payments.

All units settling their accounts through bank transfers must uphold the state's economic policies, observe discipline, and honor their contractual obligations. No unit whatsoever can delay their payments, arrange loans among themselves, make improper use of their bank credits, let others use their bank accounts, or purchase commodities on credit. Unless approved by the state, they can neither receive nor pay money in advance for their purchases.

1. Principles for Settlement of Accounts Through Transfers:

Transactions must be paid for in full, and the interests of both the receiving and the paying parties must be respected. The bank does not advance any money.

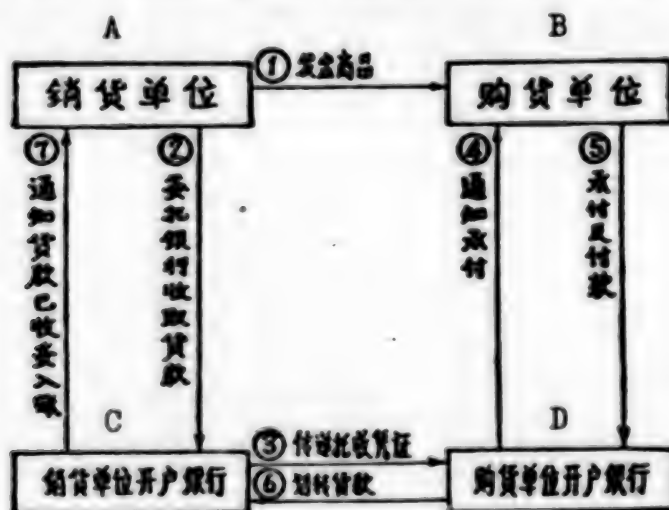
2. Forms of Settlement Through Transfers:

There are settlement of accounts involving different localities and settlement of accounts locally.

Settlement involving different localities can take the following forms:

(1) Collection and payment through banks in different localities.

Procedure for Collection and Payment Through Banks

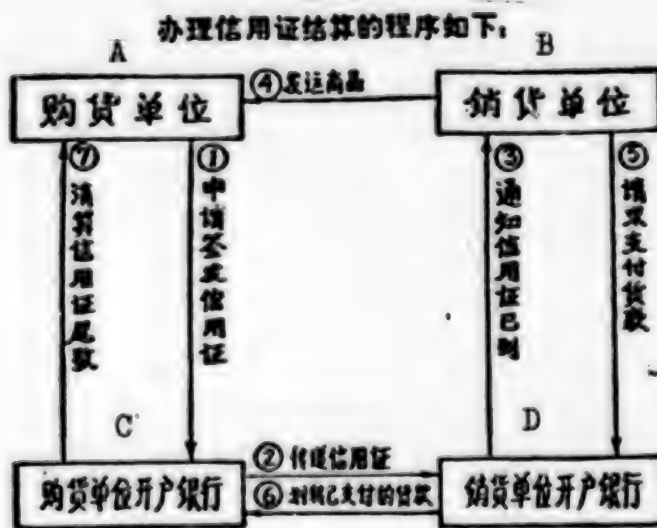


- Key:
1. Shipment of goods
 2. Authorizing bank to collect money
 3. Documents sent relating to collection
 4. Notification to buying party
 5. Payment authorized
 6. Transfer of money
 7. Notification to selling party about the amount being credited to its account
- A. Selling party
 B. Buying party
 C. Selling party's bank
 D. Buying party's bank

After delivering the goods according to economic contract, the unit can authorize the bank to collect money on its behalf from the designated unit in some other locality. The paying party, on the other hand, will check the documents or examine the goods, and then notify the bank of its willingness to pay. This form of settlement is mainly used for commodity transactions which also involves certain labor services.

(2) Letter of Credit. The paying party first deposits the required amount of money in the bank and asks it to issue a letter of credit, and to notify the receiving party's bank in another locality so that this bank will inform the receiving party accordingly. When the receiving party has dispatched the goods according to the contract and the stipulations in the letter of credit, the bank will settle the account by paying the receiving party. This form of settlement is rarely used within the country.

Procedure for Settlement of Accounts with Letter of Credit



- Key:
1. Application for Letter of Credit
 2. Transmitting Letter of Credit
 3. Notification of arrival of Letter of Credit
 4. Dispatch of goods
 5. Request for payment
 6. Notification of the amount paid
 7. Settlement of balance left by Letter of Credit
 - A. Purchasing unit
 - B. Selling unit
 - C. Purchasing unit's bank
 - D. Selling unit's bank

(3) Remittance. By this means, the paying party authorizes the bank to remit its money to the receiving party in another place. This method can be used for the transfer of funds, settlement of old accounts, or temporary

procurements. Remittance can take the form of either mail transfer or cable transfer according to the paying party's choice.

(4) Collection through bank from other places. The receiving unit first produces proof for the collection of money, and then authorizes the bank to collect the money on his behalf from the paying unit in another place. This form is suitable for commodity transactions between units, for the supply of labor service and the settlement of other accounts. This method was first used in 1980. The bank is not responsible for supervising the collection through this arrangement.

(5) Settlement in limited amounts. The purchasing unit first deposits a sum of money with the bank and requests the bank to issue a certificate of settlement in the same amount. On the strength of this certificate, the selling unit can arrange for the money to be transferred to its account. This method is mainly used in commodity transactions in which the units concerned will take delivery of the goods and transport the goods themselves, and is used within one province or among only some provinces and cities.

Settlement of accounts locally [in the same city] can be carried out by the use of checks, collection and payment, or collection and not payment, through the bank locally. The banks and units in various localities can adopt the suitable form of settlement according to their specific needs.

When the production brigades and production teams of the rural communes deliver their agricultural sideline products to the state, payment in cash or through bank transfers is basically a matter of choice to be decided by themselves or according to the relevant regulations set by the local people's governments.

9411

CSO: 4006/372

FINANCE AND BANKING

LIAONING CONDUCTS GENERAL FINANCIAL INVESTIGATION

SK300308 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 20 Apr 82

[Text] Since last December, our province has conducted a general financial investigation. Self-investigation by units, units investigating one another and spot investigations have uncovered many financial discipline violations involving 280 million yuan, of which 840 million yuan has been recovered.. [As received] Four months of financial investigations have shown that successful implementation of this work is conducive to balancing the state revenue and expenditures, carrying out enterprise consolidation, cracking down on unlawful activities in the economic sphere and improving the party's work style.

Among the problems exposed in the course of the investigations are detention of state revenue, taxes and other income; illicit dividing of funds and expenditures; reckless issuance of bonuses, articles for labor safety use and allowances; illegal diversion of funds earmarked for special use; violations of regulations on controlling institutional purchases; and illicit use of public funds to entertain guests, send gifts and go sightseeing.

To ensure successful conclusion of the general financial investigation, the provincial CCP Committee and people's government recently convened a telephone conference on intensifying the financial investigation. The conference urged localities to step up leadership, make up for what has been missed in previous investigations, divert more attention to spots as yet untouched, strive to recover all the money that can be recovered and carry through to the end the financial investigation of enterprises. We should commend in public those good examples who abide by financial discipline and severely punish a number of bad examples who have grossly violated and are still violating financial discipline. We must investigate all behavior attacking and retaliating against financial and accounting personnel who uphold the financial system.

The conference also urged localities to pay earnest attention to checking the results of the investigation, amplify financial regulations and strengthen the ranks of financial and accounting personnel.

CS0: 4006/431

FINANCE AND BANKING

BRIEFS

YUNNAN FINANCIAL AFFAIRS CONFERENCE—On the evening of 13 April, the Yunnan Provincial People's Government held a telephone conference on inspecting financial affairs in enterprises throughout the province. The conference demanded that all prefectures and relevant departments step up the handling of problems discovered in the course of inspecting financial affairs in enterprises and do well in inspecting financial affairs in enterprises from beginning to end. The province has begun inspection of financial affairs in enterprises since the end of last December and achieved remarkable results. The province has basically completed the preliminary inspection of some 8,100 state-run enterprises which should be inspected. Some departments have conducted reinspection and mutual inspection. By the end of March, the province had discovered financial and economic offenses which involved some 120 million yuan, of which 22.9 million yuan has now been given to the treasury. [HK161349 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 15 Apr 82]

BEIJING ENTERPRISE FINANCIAL INSPECTION—Beijing Municipality has basically completed its large-scale inspection of enterprise finances. Preliminary inspections of finances were conducted in 2,742 state-run enterprises and thorough inspections were carried out in approximately 100 key enterprises of these 2,742 enterprises. Cases of violations of financial discipline involving some 148 million yuan were discovered. Of this amount, some 56 million yuan was recovered and submitted to the treasury. The large-scale inspection of enterprise finances lasted some 3 months. This inspection included inspection of the situation of the implementation of financial discipline and inspection of the system of financial management. About 19 percent of the enterprises have done financial work well, about 75 percent have done financial work fairly well and about 6 percent have done financial work poorly. [HK290303 Beijing City Service in Mandarin 2300 GMT 18 Apr 82]

SICHUAN CURRENCY WITHDRAWAL—The situation of the withdrawal of currency in Sichuan Province in the first quarter of this year was excellent. Since the beginning of this year, this province has continued to implement the principle of stabilizing currency, vigorously organized the withdrawal of currency and strictly controlled the issuing of currency. The whole province withdrew some 360 million yuan of currency in the first quarter of this year. The fine situation of the withdrawal of currency in the province in the first quarter showed that production in the province developed, the market thrived and the

national economy was readjusted very well. The province's light industrial output value in the first quarter was 13 percent more than in the corresponding period of last year. The amount of urban savings in the province was some 150 million yuan more than at the beginning of this year and was 64 percent more than at the corresponding time last year. [HK031417 Chengdu Sichuan Provincial Service in Mandarin 1100 GMT 24 Apr 82]

JILIN TREASURY BOND PURCHASE—Urban and rural areas throughout Jilin Province have subscribed for about 100 million yuan in treasury bonds. According to statistics, by 20 April, units and individuals throughout the province took up treasury bonds worth 99,823,000 yuan, which surpassed the state assignment by 1.6 percent. According to the demand set forth by the provincial authorities, the purchase plan was prefulfilled and overfulfilled by 10 days and 1,263,000 yuan. [SK030506 Changchun Jilin Provincial Service in Mandarin 1100 GMT 1 May 82]

CSO: 4006/430

MINERAL RESOURCES

METALLIC, NONMETALLIC DEPOSITS FOUND IN GUANGXI

OW270254 Beijing XINHUA in English 0223 GMT 27 Apr 82

[Text] Nanning, 27 Apr (XINHUA)--China's largest manganese deposit with verified reserves exceeding 100 million tons, and seven large metallic and nonmetallic deposits have been discovered in the Guangxi Zhuang Autonomous Region, according to the Regional Geological Department.

The manganese deposit covers 40 square kilometers in Daxin County in the southwestern part of the region.

A pyrite deposit with verified reserves of 15 million tons was found in the northern part. The deposit also contains zinc, lead and silver, the department said.

An ilmenite deposit covering 6 square kilometers and containing verified reserves of 1.26 million tons, was found in Tengxian County in the east. The three ore beds average 24.4 meters thick, the department said.

The department also reported discovery of a fluorspar deposit in Yulin County in the southeast, with verified reserves of 2.28 million tons, and another similar deposit in Ziyuan County in the northeast, with verified reserves of 1.49 million tons.

A limestone deposit with 270 million tons of reserves was found in Guixian County in central Guangxi. It covers 2 square kilometers and contains 53 percent to 55 percent calcium oxide. A clay deposit covering 2 square kilometers was verified in the same county.

A barite deposit with 5.1 million tons of verified reserves was found in Xiangzhou County, also in central Guangxi, the department said.

CSO: 4020/122

MINERAL RESOURCES

BRIEFS

JILIN GEOLOGICAL ACHIEVEMENTS--In the past 2 years Jilin Province has scored tremendous achievements in looking for mineral deposits and in hydrogeological work. The province delivered 55 geological reports to the state, discovered 19 new mining areas and discovered the deposits of five kinds of minerals. Meanwhile, abundant groundwater resources were discovered in Yushu, Nongan, Huaide, Yongji and Fuyu counties. [SK031028 Changchun Jilin Provincial Service in Mandarin 1100 GMT 2 May 82]

CSO: 4006/431

INDUSTRY

'DAZHONG RIBAO' STRESSES POLITICAL WORK IN INDUSTRY

HK300403 Jinan DAZHONG RIBAO in Chinese 22 Apr 82 p 1

[Editorial: "Vigorously Strengthen Ideological and Political Work in Industry and Communications Enterprises"]

[Excerpts] Comrade Mao Zedong profoundly pointed out: "Political work is the lifeline of all economic work." "Grasping ideological education is the cardinal link in uniting the whole party for waging great political struggles." The facts have proven that these theories are entirely correct. Carrying out ideological and political work is our party's fine tradition and also a treasure of the revolution. As far as the party committees and government at all levels are concerned, any tendency to neglect and relax ideological and political work is extremely erroneous and harmful.

It should be pointed out that since implementing the line, principles and policies of the third plenary session, the main ideological current on our province's industry and communications front has been good; the workers' political awareness has been continually enhanced and there have been very great changes in the state of production and people's mental outlook in the enterprises. However, at present the mental outlook of some cadres and workers is very far from meeting the needs of the modernization drive. The main manifestations of this are varying degrees of muddled understanding and erroneous concepts in viewing the economic situation, handling the relationship between the state, the enterprise and the individual, in resistance to corruption by decadent capitalist ideology, and in attitude to labor and work. These muddled understandings and erroneous concepts affect the effort to bring people's enthusiasm into full play and to build material and spiritual civilization, and hamper the effort to improve economic returns. The main reason for these problems is that the leadership has relaxed ideological and political work. Certain leading comrades lack correct understanding of the relationship between spiritual and material encouragement and have not done very well in upholding the principle of taking political encouragement as the primary factor and material encouragement as supplementary; they have abandoned a lot of ideological work that they should and could have done. In particular, since the establishment of economic responsibility systems, certain comrades have gotten the erroneous feeling

that ideological and political work is unnecessary; they are only bothered about "production, supply, and sales," and pay very little attention to "the party, the CYL, and the masses"; they only pay attention to profit and spend very little time finding out what people are thinking. We must squarely face the harmfulness and danger of this tendency, and resolutely correct it. The facts have told us that if in the current stage we only stress spiritual without material encouragement, it is not possible to bring people's enthusiasm into full play; and if we only stress material without spiritual encouragement and fail to keep abreast of needs in ideological and political work, people's enthusiasm cannot be brought into full play and still less can it be sustained for long. Only by closely integrating the two, "grasping them with both hands," and persistently putting ideology to the fore and spiritual encouragement in first place can we run the enterprises as prosperous units and win victory in building both material and spiritual civilization. This is a fundamental experience of many enterprises that have done well.

The first thing in strengthening ideological and political work in the industry and communications enterprises is to brace the spirits of the leading cadres at all levels and further solve the problems of laxness and weakness. As far as an enterprise is concerned, the mental outlook of the leading cadres has a decisive influence on how well or poorly ideological and political work is done. It should be affirmed that there has been a great change in the lax and weak state of the leading cadres on the province's industry and communications front since we implemented the spirit of the national forum on ideological front problems. However, there are still many problems in this respect. In some places and units, powerful and effective ideological and political work has not been launched, good people and deeds have not been commended, bad trends and tendencies have not been criticized as they should, and the bourgeois liberalization trend still exists to a rather serious degree among a few people; some cadres cater to and indulge the backward thinking of certain people and adopt all kinds of ways to damage the interests of the state and collective; in particular, certain leading cadres dare not carry out forceful and just struggle and criticism against various phenomena that harm the socialist cause. This cannot but affect the party's prestige and combat-effectiveness, the improvement of enterprise management and the development of production. All party organizations in industry and communications enterprises must seriously check to see: have they seriously implemented the series of important instructions of the central authorities? Does their mental outlook meet the demands of the current situation and tasks, have they put the interests of the party and people in first place, have they braced their spirits, and do they have the fighting spirit of the girls' volleyball team? Dare they take action to deal with various bad trends and tendencies? By carrying out this check, they should apply the methods of study, discussion, criticism and self-criticism to solve the problems of lack of drive and laxness and weakness in some of the leadership groups, and overcome certain negative ideas.

The key to whether ideological and political work in the enterprises can be strengthened and production promoted lies in the leadership groups. Departments, trades and enterprises that have achieved outstanding success in production and work have leadership groups that are able to set a good example and lead the masses to build the four modernizations. The leadership groups at all levels in the province's industry and communications enterprises are generally good or fairly good. However, there is also a prominent problems of failure to meeting the needs of the modernization drive. We must get a good grasp of rectifying and building the leadership groups. We must in particular attach importance to selecting, promoting and cultivating outstanding middle-aged and young cadres, promote the division of work between party and government, and clearly stipulate that the main task of the enterprise party committees is to implement the party's line, principles and policies and strengthen ideological and political work. We must strive to improve work style and efficiency. It can be affirmed that so long as we do really well in strengthening ideological and political work in the enterprises and improve leadership style and methods, a new situation will certainly appear in building material and spiritual civilization on the province's industry and communications front.

CSO: 4006/435

INDUSTRY

GUANGDONG HOLDS INDUSTRIAL WORK CONFERENCE

HK281001 Guangzhou NANFANG RIBAO in Chinese 27 Apr 82 pp 1, 3

[Report: "The Industry and Communications Front Cannot Relax Production for a Single Day"]

[Text] The provincial industrial and communications work conference which lasted 10 days finished yesterday. At the conference the spirit of the national industrial and communications work conference was transmitted and the CCP Central Committee and the State Council's "Resolution on severe punishment of criminals who seriously undermine the economy" was studied. Those who attended the meeting focused on discussing the problems related to production, policies, reorganization of enterprises and intensification of political and ideological work in the manner of always keeping an eye on raising economic effect. As a result, they have eliminated some of their muddled ideas and heightened their confidence in fulfilling this year's production plan and in achieving a sound and unexaggerated speed of increase with good economic effect.

In particular, the conference discussed the relationship between the struggle of cracking down on serious criminal activities in the economic field and the present production work. Through discussion, all those who attended the conference understood that the struggle of cracking down on serious criminal activities in the economic field is aimed at removing obstacles to the development of production. While paying attention to doing a good job of cracking down on serious criminal activities in the economic field, we must make great efforts to develop our production satisfactorily at present and we must not relax production for a single day. The key problem at present is whether our leading cadres at all levels have adopted a correct mental attitude, whether they dare to adhere to overcome difficulties, whether they can rouse themselves to paying attention to exercising their leadership over production and whether they have the courage to shoulder their responsibility in actually solving practical problems. They must persist in adopting the measures that have been proved to be effective and correct by our practice in the past few years, in opening up to the outside world and in enlivening the economy at home. The conference pointed out that we should make allowance for the possible mistakes by the people at lower levels in some of their work as long as these mistakes do not constitute serious illegal offenses and that we should allow

the lower levels time to correct their mistakes and overcome their shortcomings. Only by so doing can we eliminate the doubts in the minds of our cadres. We should pay special attention to the problem that some of our marketing and purchasing staff members dare not and will not go to the prefectural and county enterprises in some areas. This is detrimental to developing production. The leading persons at various levels should personally persuade these staff members and encourage them to go where they should go and be responsible for the work they should be responsible for. They must protect their initiative and praise those who have achieved good results in enlivening production. They must clear the way for conducting normal cooperation and for conducting marketing and purchases. They should also conscientiously solve the problems related to supplies of raw materials and fuel and related to the marketing of products.

The conference emphatically pointed out that we must sum up our experience and ensure the stability and continuity of our economic policies. The policies and measures that have been proved by practice to be effective in our province since the 3d Plenary Session of the 11th CCP Central Committee can be summarized as follows: conducting a positive readjustment, reducing the number of enterprises to be closed and suspended and expanding the number of enterprises to be merged and shifted to other types of production in order to enliven our production; persisting in making experiments in reforming our industrial management system; continuously perfecting both the economic responsibility system that assigns state responsibilities to our enterprises and the economic responsibility system that is implemented within our enterprises; organizing industrial restructuring and cooperation around the task of producing key products; under the guidance of the state plans, giving full play to the supplementary role of market mechanism and granting the enterprises a certain degree of decisionmaking power in production, marketing and purchases; restoring independent accounting systems in most of the collective industrial enterprises and assigning to them the responsibility for their own profits and losses; replacing the eight-grade progressive income tax with a proportional income tax; and establishing new export and import corporations to put the manufacture and trade of export goods under unified management and conscientiously developing a large variety of external economic activities. These flexible changes in our policies have to a certain extent facilitated the harmonizing of the relationships between the interests of the state, the enterprise and the individual, enabled the enterprises to rest and build up strength and have brought into more satisfactory play the initiative of the broad ranks of staff and workers. As a result, we have achieved good results that have been rare for many years, and we have substantially raised economic effect, increased the accumulated funds in our enterprises and improved the livelihood of our staff and workers.

The conference was of the opinion that at present we should pay attention to the following four problems that concern our policies:

1. Adhering to the policy of taking the planned economy as the core and supplementing it with regulation by market mechanism and the policy of fighting liberalization. Whether we have taken the planned economy as the core cannot

be judged solely by the proportion of output value. Instead, we should firmly fix in our minds, as a guiding ideology, our sense of responsibility to the state and our sense of responsibility in fulfilling the state plans and we should do our managerial work in accordance with the state plans and fix the prices of our goods as prescribed by the state. We should also try every possible means, including that of giving play to regulation by market mechanism to ensure the fulfillment of the state plans. We should conscientiously implement the policies and degrees of the state. We should conduct our production in the manner of meeting the demands of the society, obey the unified arrangement of the national and provincial authorities and do a good job of striking a comprehensive balance in our production. On the other hand, we should put an end to malpractices such as pushing big enterprises out by establishing and developing small enterprises, conducting production blindly, expanding at will the retail trade run by manufacturers, refusing to fulfill the purchase plan of the state, vying with one another in producing and marketing the goods in short supply, thus resulting in surplus stock and waste, and adopting local protectionist measures to preserve backward ways of production. All the above-mentioned malpractices go against the requirements of unified planning and unified management.

2. Further improving the economic responsibility system. The conference decided to enlarge the decisionmaking power of the enterprises and ensure that there will be no change in the policy of implementing various forms of the economic responsibility system which assigns the enterprises the responsibility for their own profits and losses and which assigns profit or loss targets to their responsibility. Pilot tests in implementing this system have already been carried out in some enterprises. The conference decided to ensure that there will be no change in the policy of reforming our industrial managerial system, in which we have already gained some experience in our experiments in Qingyuan County. The power that should be assigned to the enterprises but which has not yet been assigned to them should be gradually assigned. We should vigorously promote the implementation of the economic responsibility system within our enterprises. In so doing, we should learn from the experiences of Qingyuan County and the experience of the Nanfang food factory in Jiangmen municipality in doing a good job of implementing the internal economic responsibility system and in raising economic effect. In implementing the economic responsibility system, we should not only assign responsibility for profits or link remuneration with profits. Instead we should at the same time take into account the quality and variety of the products, the amount of overheads, costs, labor productivity and the fulfillment of contracts. We should also pay attention to adopting decent means instead of crooked or dishonest means to increase our profits. In implementing the responsibility system we should not disregard the requirements of the state plan and the needs of the society. We should also solve the problem of taking into account the interests of the state, the enterprise and the individuals and, under the condition of ensuring more revenue for the state, ensure there is more profits left at the enterprises' disposal and more income for individuals.

3. Enforcing the correct reward system. At present, we should inspect the financial discipline along with the work of reorganizing our enterprises and conduct an effective readjustment of the bonus schemes in our enterprises.

4. Conscientiously enlarging our external economic activities in accordance with the principle of being concerted in conducting external affairs. We should fully utilize the relatively favorable conditions in our province of being allocated more foreign exchange to use and use our foreign exchange in developing the undertakings of processing foreign goods, in introducing advanced technology and equipment and in carrying out technical reform in existing enterprises. We should strive to lower the costs of the products for export, continue to develop the undertakings of processing foreign goods and compensation trade, continue to introduce investment and advanced technology and equipment from abroad and continuously improve our management of and continuously make good use of the foreign exchange allocated for our use.

CSO: 4006/435

INDUSTRY

HEBEI INDUSTRIAL, COMMUNICATIONS CONFERENCE

HK240241 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 10 Apr 82

[Summary] According to a report by a HEBEI RIBAO reporter and a provincial service station reporter, a plenary session of the provincial industrial and communications work conference was held yesterday afternoon. Leading comrades of the provincial party committee and provincial people's government Jin Ming, Jiang Yizhen, Li Erzhong, (Liu Bingyan), Liu Ying, Yue Zongtai, (Wang Yu), (Fu Zhiguo), (Xu Peixin), Yang Naijin, and Yang Yuan attended the meeting. Comrade Jin Ming presided over the meeting. At the meeting, Comrade Li Erzhong gave a speech entitled "Focus on Economic Construction, Devote Overall Efforts To Improving Economic Returns and Create a New Situation in Economic Work."

Comrade Li Erzhong pointed out: "At present, under the guiding thought for work, party committees and governments at all levels of our province must properly solve two problems. 1) We must further shift the emphasis in all our work to modern socialist construction centering on economic construction. 2) Our economic work must be switched over to the orbit of improved economic returns. Now it is entirely necessary and also possible to further shift the focus of work to economic construction. At a meeting of prefectural and municipal party secretaries held in February this year, the provincial party committee stressed that in 1982 the main energies of the leadership of party committees and governments of all levels of our province must be directed to modern socialist construction centering on economic construction. It is hoped that all areas, departments and units will seriously carry out the provincial party committee's instructions."

"By stressing economic returns, we must, just as Comrade Zhao Ziyang pointed out, first understand this important point. With the least possible consumption of labor and material, we must produce more products that suit social needs. At present, economic returns from our province's industrial and commercial enterprises have still not been restored to the level before the Great Cultural Revolution. Even some economic targets in 1981 were lower, compared with the preceding year. Our province is especially backward compared with Shanghai and Shandong. On the other hand, this shows that there is still great potential in our effort to improve economic returns. If we make

no effort in improving economic returns, our economic work can hardly be lifted out of a passive state. There would then be no hope for a basic change for the better in the economic situation. This is a point that calls for the serious attention of our party committees and governments at all levels and all comrades involved in economic work. Of course, by stressing improving economic returns, we do not mean paying no attention to quantity. Instead we want to overcome the tendency toward one-sidedly pursuing quantity to the neglect of economic returns. This year, we must strive to achieve relatively good economic returns combined with a real increase in quantity. This is not only necessary but entirely possible."

Comrade Li Erzong said that we must take the planned economy as the main factor and regulation by market mechanism as the subsidiary one in our effort to improve economic returns. All departments and units must cherish the idea of coordinating all the activities of the nation like pieces in a chess game. Under the guidance of unified plans, they must determine their own economic activities. They must avoid acting blindly and try to increase their consciousness. They must properly handle the relations between the planned economy and regulation by market mechanism. They must carry out various economic activities under the guidance of unified state and provincial plans. They must correctly handle the relationships between immediate and long-term plans, between the part and the whole and between the state, the collective and the individual. They must strengthen the supervision and inspection of plans.

In light of the actual conditions of our province's industrial and communications fronts, Comrade Li Erzong in his speech also pointed out: to improve economic returns, we must do a good job of overall reorganization of enterprises. With the goal of improving economic returns, we must properly handle the technical transformation of existing enterprises. To develop the production of consumer goods, we must make proper readjustments in the industrial field, improve social economic results and strive to increase income and reduce expenditures and achieve a balance between receipts and payments. We must get further mobilized to resolutely crack down on illegal and criminal activities in the economic field. We must strengthen ideological and political work and foster great communist ideals.

CSO: 4006/435

INDUSTRY

SHAANXI INDUSTRIAL CONFERENCE CONCLUDES

HK230301 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 22 Apr 82

[Summary] The provincial conference on industry and communications, convened by the provincial government from 10 to 21 April, called on industry and communications enterprises throughout the province to correct the guiding ideology, improve economic returns, straighten out the enterprises, grasp ideological and political work and bring about a new situation in the province's industry and communications.

The meeting conveyed the spirit of the national industry and communications conference and the national forum on ideological and political work in industry and communications enterprises. Yu Mingtao, secretary of the provincial CCP committee and governor, made a report on improving economic returns. Ma Wenrui, first secretary of the provincial CCP committee, made an important speech at the conclusion of the meeting.

The conference concentrated its discussions on three issues: 1) how to raise total value of output by 4 percent, while striving for 5 percent, over last year; 2) how to carry out all-round straightening out of the enterprises; 3) how to strengthen the party's ideological and political work in the enterprises.

The conference held: "The province has achieved great success in industrial production. This must be affirmed. The current main problem is that economic returns are rather poor. The outstanding expressions of this that the quality of some products is poor, they have little variety and do not sell well. Hence, at present it is essential to lay stress on correcting the guiding ideology in industrial production and put the improvement of economic returns in the first place."

The conference held: "The province must vigorously develop the light and textile industries, the raw material and fuel industries and [words indistinct], actively readjust and restructure the machine-building industry, and strive to strengthen and improve transport and communications capacity."

CSO: 4006/435

INDUSTRY

ZHEJIANG HOLDS INDUSTRY, TRANSPORT CONFERENCE

OW010903 Hangzhou ZHEJIANG RIBAO in Chinese 18 Apr 82 p 2

[Excerpts] At the recently held Zhejiang provincial conference on industry and transport, the question of technically transforming the province's existing enterprises this year was discussed, and the basic principles and main targets in this work were clearly defined.

In the past few years steady progress has been made in the technical transformation of Zhejiang's existing enterprises. This has particularly raised their capacity for producing light industrial and textile products that are in short supply, thereby considerably raising the economic results of these enterprises. According to statistics, from October 1979 to the end of last year, with the assistance of the State Economic Commission, the People's Bank of China and other departments concerned, 200.2 million yuan of loans were extended to the province's light industrial and textile enterprises for the construction of 463 projects. By the end of last year, 397 of these projects were completed and put into production, accounting for 85.7 percent of the total number of planned projects. This raised the enterprises' output value by 1.23 billion yuan and provided the state with an additional amount of tax and profit worth 200.22 million yuan. The completion of these projects boosted the production of consumer goods urgently needed by the people, accelerated the withdrawal of currency from circulation, increased revenues and foreign exchange earnings and provided jobs for the unemployed.

In accordance with the instructions of a leading comrade of the State Council, the conference, taking into account the realities in Zhejiang Province, agreed that the guiding principle for this year's technical transformation is to raise economic results. However, consideration should be given not only to the interests of the various enterprises and departments, but also to the interest of the national economy as a whole.

The conference held that in line with the above principle, the following four main tasks should be grasped in carrying out technical transformation:

1. Technical transformation in conjunction with energy-saving measures should be grasped firmly. This year, the funds allocated for this purpose account for about one-third of the total amount earmarked for technical transformation throughout the province. Some of the key projects are transformation of power supply networks of 35,000-volt capacity or more to raise their capacity, small-scale collective heat supply, replacement of oil fuel with coal, utilization of residual heat, transformation of low-efficient boilers and replacement of old equipment.
2. Technical transformation of light industrial, textile and food processing enterprises should be carried out in a planned way.
3. Transformation of measures for increasing the output of industrial raw materials and semifinished products that are in short supply should be grasped.
4. Technical transformation of key harbors should be grasped in order to improve communications and transport. The key harbors include Wenzhou, Haimen and Hangzhou's Genshanmen.

CSO: 4006/435

INDUSTRY

VICE PREMIER FANG YI URGES TIN INDUSTRY DEVELOPMENT

OW270257 Beijing XINHUA Domestic Service in Chinese 1318 GMT 26 Apr 82

[Text] Kunming, 26 Apr (XINHUA)--Scientific and technological contingents should tackle key problems and build up our tin industry. This was the new task set at the recent national scientific and technological work conference of the tin industry.

The conference introduced the scientific and technological results achieved by the Yunnan Tin Industrial Company, the Dachang Mining Bureau and other units, together with their experience, presented the latest topics of scientific research and formulated certain measures for developing the tin industry.

Vice Premier Fang Yi of the State Council attended the conference and spoke. He said: The political and economic situation in our country at present is very good and so is the situation on the scientific and technological front. Both the central and local organizations have raised their understanding of the role of science and technology and clearly defined policies and tasks for scientific and technological development. We must link scientific and technological development with economic and social development and develop the national economy by relying on science and technology, which in turn must serve economic construction. We are now taking steps to get the scientific and technological forces organized, to strengthen work coordination and to select our projects properly, especially those key problems bearing on economic results in economic construction, in order to tackle them. In the meantime, we are also taking steps to turn science and technology into a powerful productive force by making a technological shift from laboratories to factories, from coastal areas to inland, from putting science and technology purely to military use to combining military and civilian use and from relying on external support to development of the tin industry at home. Comrade Fang Yi pointed out in his speech that our country has rich nonferrous metal resources with a complete range, of which tin, tungsten, rare-earth metals and antimony rank first in the world. The demand for nonferrous metals, mostly strategic materials, is becoming greater and greater both at home and abroad. There are great prospects for exploiting our country's nonferrous metal resources. The CCP Central Committee and the State Council, therefore, emphasize that nonferrous metal industry is

one of the country's superior industries. Tin has many superior functions and is an important metal essential to industrial production, the people's livelihood and the national defense industry. The use of tin will become more extensive with the development of science and technology. As our country has unique tin resources and a good material and technological foundation for developing the tin industry with higher economic results, we must give priority to developing tin industry to bring the superiority of nonferrous metal industry into full play.

Comrade Fang Yi said: To develop the tin industry, we must start with science and technology. We must carry out effective scientific research in the geological, mining, ore dressing and metallurgical fields, as well as in reforming product structure; we must apply scientific achievements in production and construction and carry out technical transformation of the current production process. In future, our scientific and technological work must lay stress on improving geological work and mining technology; we must also raise the recovery rate in tin ore dressing and in smelting, readjust the tin product mix and consumption structure, study the use of tin substitutes and recycling, the comprehensive utilization of resources and environmental protection, organize the mining enterprises, research units, institutes of higher learning and units under the Chinese Academy of Sciences to engage in socialist division of labor and coordination, tackle key problems in a concerted effort and carry the tasks forward thoroughly and achieve greater results. Comrade Fang Yi emphasized that the key to developing the tin industry effectively lies in strengthening the party leadership. Indiscriminate tin mining has been reported in some places, devastating tin resources and causing serious waste. We should deal with this matter seriously and implement resolutely the 1981 State Council circular on strengthening the production and marketing of tin products and firmly prohibiting indiscriminate tin mining. We should not allow waste and destruction of resources to continue unchecked.

This national conference of the tin industry, the first of its kind held since the founding of new China, was jointly sponsored by the State Scientific and Technological Commission, the Ministry of Metallurgical Industry and the State Nonferrous Metal General Administration. The conference was held from 20 to 24 April in Gejiu municipality, Yunnan. The conference summed up 39 items of relatively significant new achievements in scientific research made since 1978, verified by organizations above provincial level, of which 21 items won state, ministry and provincial scientific-technological awards. Some of these achievements are unique in our country and a great number of them scored high economic results in application and popularization in enterprises engaged in production.

CSO: 4006/435

INDUSTRY

BRIEFS

QINGHAI INDUSTRIAL CONFERENCE--The Qinghai provincial industrial and communications work conference and the forum on enterprise democratic management held by the provincial CCP committee and the provincial people's government concluded 25 April. The conference and the forum emphasized the need to raise economic results and reorganize enterprises in an all-round way. Zhang Guosheng, governor of the province, addressed the conference. The conference noted that our province made progress in both light and heavy industries in the first quarter of this year. Industrial output value increased 17.36 percent over the corresponding 1981 period. However, economic results in this regard were not good. [SK302217 Xining Qinghai Provincial Service in Mandarin 2330 GMT 29 Apr 82 SK]

GUANGDONG INDUSTRIAL CONFERENCE -- "The Guangdong provincial industry and communications work conference was held recently in Foshan city. During the conference a few big problems that had hindered the development of production and had not been solved for a long time owing to disputes over trifles were solved on the spot. This new style of holding a conference has won the acclaim of all the participants." "The industry and communications work conference was chiefly aimed at carrying out the guidelines of the industry and communications conference sponsored by the State Council and at studying measures for improving the economic results." "In the course of preparing the conference, provincial CCP committee first secretary Ren Zhongyi set a demand on the conference: do not hold a conference purely for its own sake. All practical problems that come from the lower levels and are resolvable should be solved on the spot. If there are some big problems that cannot be decided on at the conference, they should be reported to the provincial CCP committee for study and solution." In the course of the conference, delegates from various quarters strongly indicated that owing to failure to draw clear lines of demarcation in applying a policy, a few normal channels of cooperation had been blocked and the development of production had been adversely affected. Through a series of consultations, some of the problems were solved at the conference. [HK040352 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 3 May 82]

NEI MONGGOL INDUSTRIAL FORUM--The Nei Monggol Regional Economic Commission recently convened a forum of responsible persons from various leagues and municipalities. The forum discussed and devised specific measures for industrial and communications enterprises to increase profits and stop deficits. It urged the region's industrial and communications front to reduce deficits by 30 percent in 1 year. Over the past 3 years, industrial enterprises in the region have suffered from increasing losses. The forum urged economic commissions at regional, league and municipal levels to assign special personnel to attend to this work. The region should select 100 enterprises suffering from serious losses and check their progress in this work each month. The measures devised by the regional economic commission have been relayed by the regional people's government to localities for implementation. [SK242210 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 23 Apr 82 SK]

SICHUAN PRODUCTION SAFETY MEETING--The production safety leadership group of the Sichuan Provincial People's Government recently held a meeting on production safety. The meeting examined the situation of publicizing and studying the two regulations on labor safety promulgated by this province and looked into the views on carrying out the "safety month" activities this year. A responsible person of the production safety leadership group spoke on production safety and labor protection throughout the province. Safety inspection departments must seriously carry out their duties, exercise their powers and resolutely struggle against people who violate regulations and laws and against bureaucrats who seriously disregard people's lives and state property. The meeting stressed that it is essential to carry out this year's "safety month" activities well. [Chengdu Sichuan Provincial Service in Mandarin 1100 GMT 25 Apr 82 HK]

JILIN LOCAL INDUSTRIAL GOODS--The Jilin provincial commercial retail departments have promoted sales of local industrial goods to other provinces since 1982. Over 134 million yuan of local industrial goods were transported in the first quarter, an increase of 10.5 percent over the corresponding 1981 period. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 24 Apr 82 SK]

CSO: 4006/435

CONSTRUCTION

COMMISSION URGES SHORTER CONSTRUCTION PERIOD

OWD30532 Beijing XINHUA Domestic Service in Chinese 0018 GMT 3 May 82

[Excerpts] Beijing, 3 May (XINHUA)--According to XINHUA correspondent Luo Xuan [5012 3373], the State Capital Construction Commission has recently pointed out that shortening the construction period is an important way to raise the economic results of the investment on capital construction projects. The specific requirement put forth by the commission is that henceforth, the construction period for large and medium-sized engineering projects, except for a few projects that require an extraordinarily large workload, be shortened from the current 8 years to 5 years.

This requirement was put forth at a recent meeting called by the State Capital Construction Commission and attended by directors of all provincial, municipal and autonomous regional capital construction committees. According to a rough estimate made at the meeting, if the construction period of all engineering projects in the country can be shortened by 1 year, the wages of the workers and staff members of the construction teams alone can be cut by 5 billion yuan. This plus the annual management expenditures ranging from 4 to 5 billion yuan, the profits and taxes turned over to the state as a result of the early completion of the projects and their operation can considerably raise the economic results.

Due to the influence of the "leftist" erroneous line, especially the destruction by Lin Biao and the "gang of four" during the 10 hectic years, the scale of capital construction in China was too large for years, exceeding the government's financial and manpower capabilities and causing decentralization of funds and materials. Moreover, because of improper management and violation of capital construction procedures, the construction of many engineering projects was procrastinated causing much waste. As a result of the readjustment in recent years, the situation has improved somewhat. However, a long construction period, poor economic results and much waste remain the salient problems facing the capital construction front. Nevertheless, some engineering projects built in recent years required short construction periods but have yielded fairly good economic results.

The state planning and capital construction commissions recently consulted with State Council departments concerned and decided to select 50 of the 615 large and medium-sized engineering projects currently under construction as the first group of projects to experiment with the above-mentioned requirement. The scale of the construction of the first group of projects consists of about one-third of the total scale of all the large and medium-sized construction projects.

CSO: 4006/431

CONSTRUCTION

BRIEFS

LHASA URBAN CONSTRUCTION--Last year the state invested 27.08 million yuan in Lhasa urban construction, resulting in improving municipal affairs. According to statistics compiled by relevant departments, in 1981 the municipal planned housing area was 100,000 square meters but the municipality completed construction of houses on 112,000 square meters, of which 6,000 square meters were factory premises, 21,000 square meters were warehouses, 3,000 square meters were commercial premises, 9,000 square meters were offices, 44,000 square meters were residential houses, 3,000 square meters were workers' quarters, 5,000 square meters were school premises, 4,000 square meters were clinics, 4,000 square meters were scientific and experimental units and 13,000 square meters were houses for other uses. In addition, the municipality laid tap water tubes, 1 kilometer long, so that the total length of tap water tubes is 8 kilometers. The number of people who use tap water has increased to 21,000. The municipality laid drainage tubes, 1.2 kilometers long. The municipality also extended the embankment of the Lhasa River by 0.7 kilometers, increasing its flood control ability. [Lhasa Xizang Regional Service in Mandarin 1130 GMT 15 Apr 82]

HEILONGJIANG BUILDING MATERIAL ENTERPRISES--Heilongjiang Province is building a large number of back-bone enterprises turning out building materials. With the approval of the State Council, the province is going to construct a glass factory in Qiqihar Municipality with an annual output of 1.5 million crates of plate glass and to build additional production lines in Jiamusi and Hegang municipal glass factories with an annual output of 1.6 million crates of plate glass. Following this construction, the province will have an excess 4 million crates of plate glass in its annual output. The province will begin to build the No 2 kiln in Mudanjiang municipal cement plant this year with an annual output of 600,000 tons of cement. It is also completing the construction of No 4 kiln in Harbin municipal cement plant. The province has appropriated over 11 million yuan for brick, tile, ceramic and lime enterprises to conduct technical renovations and expand facilities to promote production. [SK030502 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 May 82]

SHANDONG HOUSING CONSTRUCTION--Since the 3d plenary session of the 11th CCP Central Committee, Shandong Province has built new houses on 14.76 million square meters of floor space by accepting the state's investment and encouraging each specific unit to raise funds itself. The housing acreage

which has been accumulated over the past 3 years is equal to half a total acreage which was accumulated in the 29 years after the PRC's founding. Of this newly increased acreage, cities including Jinan, Qingdao, Zibo, Zaozhuang, Weihai, Yantai, Weifang and Huimin have occupied 7.68 million square meters of floor space and have had about 130,000 households moved into new buildings. The per capita housing acreage of the province increased from 3.7 square meters in 1978 to 4.4 square meters in 1981. [SK030510 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 May 82]

CSO: 4006/431

DOMESTIC TRADE

TIANJIN ISSUES CIRCULAR TO COMBAT ECONOMIC CRIMES

HK240251 Tianjin City Service in Mandarin 2330 GMT 14 Apr 82

[Text] In accordance with the instruction of the Standing Committee of the municipal CCP committee, the Tianjin Municipal CCP Committee issued a circular on 14 April to all district and county CCP committees and the departments and committees under the municipal CCP committee, all party groups and committees of the state organizations at the municipal level and the party groups of all mass organizations to put forward arrangements and demands for studying and implementing decisions of the Central CCP Committee and the State Council on combating serious criminal activities in the economic field.

The circular said: The decision of the central authorities is a programmatic document that instructs us to combat serious criminal activities in the economic field. The Standing Committees of all CCP committees must promptly hold meetings to study and discuss the decision and make sure that the spirit of the decision is thoroughly understood. We must seriously check whether or not we have thoroughly understood the seriousness and the danger of criminal activities in the economic field and the necessity and urgency of opposing degeneration. We must also check if there are any obstacles in the minds of the leading members of the CCP committees. Through studying, first of all, the understanding of the party committee members will be unified under the spirit of the decision of the central authorities. Under the leadership of the CCP Central Committee, the CCP committees at all levels in the municipality must be united and act in unison, be resolute and overcome all obstacles and launch the struggle in an unswerving and thoroughgoing manner.

The circular pointed out: The decision of the central authorities has explicitly stipulated the policies and principles for unfolding the struggle and the target for combat. It also explicitly stipulated that we should adhere to the party's policy of implementing the open-door policy to foreign countries and enlivening the national economy. We must study the decision line by line and paragraph by paragraph, and thoroughly understand the formulation and demarcation lines of the central authorities regarding some important issues in order to correctly comprehend the policy. In carrying out the policy, we must not deviate from the original plan.

The circular also pointed out: At present, while promoting industrial and agricultural production, party and government organizations at all levels must concentrate their efforts to doing a good job in leading the struggle. The principal responsible comrades must personally organize all forces, conduct serious research and understand the policies and principles. From now on, departments and units which discover and have a good grasp of major cases should promptly take action to investigate the cases and report to the municipal CCP committee and the preparatory group for the discipline inspection committee under the municipal CCP committee. In this year, they should report their progress in work and problems to the municipal CCP committee and the preparatory group of the discipline inspection committee under the municipal CCP committee every month. In case of serious situations, they should report promptly without delay.

CSO: 4006/435

DOMESTIC TRADE

XU JIATUN DISCUSSES FIGHT AGAINST ECONOMIC CRIMES

OW020250 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 1 May 82

[Excerpts] The Jiangsu Provincial CCP committee's leading group for cracking down on criminal activities in the economic sphere held an enlarged meeting from 27 to 29 April. It was attended by responsible persons in charge of this work from various municipal CCP committees and departments concerned throughout the province. Comrade Xu Jiatun presided over and spoke at the meeting. He called on all party committees and comrades of provincial level organizations to immediately study the decision of the CCP Central Committee and the State Council on cracking down on criminal activities in the economic sphere, understand it well, recognize the significance of the struggle against economic crimes, understand the necessity and urgency of waging this struggle on a long-term basis, correctly grasp the target of the struggle and the regulations and policies for waging the struggle. He also called on them to unify their understanding and actions, unite as one and set an example in implementing the policies so as to carry out this struggle successfully.

Comrade Zhang Yun, deputy secretary of the central discipline inspection commission, who is inspecting work in Jiangsu, also attended and spoke at the meeting. Comrade Chu Jiang, secretary of the provincial CCP Committee, and Comrade Hong Peilin, Standing Committee member of the provincial CCP committee and vice governor of Jiangsu, also spoke at the meeting.

After reviewing the results of cracking down on economic crimes in the past few months, the meeting, taking into account Jiangsu's reality, earnestly studied and discussed the decision of the party Central Committee and the State Council. The meeting noted that in the past month or so, a number of economic criminal cases had been cracked after publicizing the decisions of the NPC Standing Committee, the CCP Central Committee and the State Council launching a political offensive and implementing the party's policies. By 29 April, 1,736 persons throughout the province had surrendered to authorities.

The meeting called on party committees at all levels to attach importance to this struggle, provide specific guidance for carrying out this struggle, make overall plans for this struggle and work in other fields and carry out this struggle successfully while grasping industrial and agricultural production.

DOMESTIC TRADE

BRIEFS

HUNAN ECONOMIC CRIMINALS--A large number of economic criminals in all places in Hunan Province have surrendered themselves to relevant units and confessed their crimes. Since 10 March, all places throughout the province have seriously publicized the resolution of the NPC Standing Committee in various forms. Through publicity, party members, cadres and the masses have inspired their enthusiasm for struggling against criminals. Some economic criminals have surrendered themselves to relevant units in the hope of being dealt with leniently. [HK190739 Changsha Hunan Provincial Service in Mandarin 2310 GMT 15 Apr 82 HK]

GUANGDONG ECONOMIC CRIMINALS--According to incomplete statistics, by 14 April, 338 economic criminals had surrendered themselves to procuratorial organs or relevant departments in all places throughout Guangdong Province and confessed their crimes. Of these 338 criminals, 24 were state working personnel at and above the county department level. Total ill-gotten gains of some 550,000 yuan were returned to the state. Some economic criminals under custody who did not confess their crimes in the past have begun confessing their crimes, returned their ill-gotten gains to the state and exposed their accomplices. Political and legal departments throughout the province have dealt leniently with economic criminals who have surrendered themselves to procuratorial organs or relevant units, confessed their crimes and returned their ill-gotten gains to the state. [HK190813 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 15 Apr 82 HK]

HEILONGJIANG ECONOMIC OFFENDERS--As of 27 April, 709 economic criminals had surrendered to the public security units, returning over 610,000 yuan of illicit money. In March alone, 97 economic criminals in the province surrendered and returned over 100,000 yuan of illicit money. [SK292227 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Apr 82 SK]

LIAONING ECONOMIC CRIMES--As of 16 April, 271 people in Liaoning Province who committed economic crimes and mistakes had surrendered to the police and confessed their crimes. They have admitted crimes involving 390,000 yuan of illicit money, and 183,000 yuan has been returned to authorities. They also exposed 96 economic offenses committed by other criminals. [SK232214 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 22 Apr 82 SK]

SHAANXI ECONOMIC CRIMES--On 14 April, the Shaanxi Provincial CCP Committee issued a notice calling for earnest study of the decision made by the CCP Central Committee and the State Council on dealing blows at serious criminal activities in the economic field. The notice said, the decision made by the central authorities is of prime importance and has come in good time. For the current struggle against serious crimes in the economic field, the decision gives clear instructions on the ideological understanding, guiding principles, policy demarcation lines, methods, steps and organizational leadership. All units at and above county and regimental level must earnestly study and discuss the decision made by the central authorities, be clear about its spirit, and understand the wording and demarcation lines that the decision puts forth on certain problems. All prefectures and counties must adopt measures for correctly and resolutely implementing this decision in line with local conditions. [Text] [HK200300 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 19 Apr 82]

FUJIAN ECONOMIC CRIMES--The Standing Committee of the 5th Fujian Provincial People's Congress held its 15th session on 29 April. The meeting listened to and approved a report delivered by the provincial people's procuratorate and higher people's court on extending by 1 month the deadline set for economic criminals to surrender themselves to authorities in order to receive more lenient punishment. The meeting decided to extend the deadline to 1 June 1982. [OW021315 Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 30 Apr 82 OW]

NEW GUANGDONG PROCUREMENT REGULATIONS--In order to further stabilize market commodity prices, reduce the scope of negotiated prices and increase the supplies of those commodities which have had their prices raised, the Guangdong Provincial People's Government yesterday issued the regulations on the procurement of agricultural and sideline products. The regulations readjust the prices of some commodities. The regulations provide that beginning this year, bananas, litchi, pineapples, timber, bamboo, pepper and brown and white sugar in the main production areas will be changed from third category products into second category products. The provincial government has also formulated a new regulation of the procurement of pond fish. Except for Foshan Prefecture where the regulations remain unchanged, pond fish in other places will be procured according to a contract between the producer and the buyer. The assigned procurement of pond fish in communes, brigades and counties on the outskirts of the large and medium-size cities must be restored. The amounts of assigned procurement will be fixed by the counties themselves. The province will continue to implement the policy of procuring half of the total number of pigs raised. [HK031341 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 24 Apr 82]

CSO: 4006/430

FOREIGN TRADE

BRIEFS

ZHEJIANG OIL EXPORT--Petroleum products produced by the Zhejiang oil refinery are now shipped to foreign countries directly from Ningbo Harbor. On 29 April, a 38,000-ton-class foreign tanker entered Ningbo Harbor to take on 18,000 tons of gasoline from the refinery. The cargo is destined for the United States. In the past, the refinery used Shanghai as a transshipment port for its export products. [Hangzhou Zhejiang Provincial Service in Mandarin 1040 GMT 30 Apr 82]

CSO: 4006/431

LABOR AND WAGES

CONTROL OF BONUS BY MACROMEASURES DISCUSSED

Shanghai CAIJING YANJIU [THE STUDY OF FINANCE AND ECONOMICS] in Chinese No 1, Jan-Feb 82 pp 23-28

[Article by Qian Shiming [6929 0013 2494] and Tong Yuanshi [4547 3293 6524]: "Several Questions Concerning the Macrocontrol of Bonuses"]

[Text] Ever since the smashing of the "gang of four," and before conditions were ripe for the restructuring of the entire wage system, we have, through various forms of the system of economic responsibility, linked the results of the enterprise's business operation with the contribution of labor by the workers, in varying degrees by the distribution of remunerations for above quota labor, mainly in the form of auxiliary remunerations for labor, or bonuses. In an attempt to overcome equalitarianism in distribution between the state and the enterprise and between the enterprise and the workers, we have carried out many experiments and significant explorations and accumulated much experience, both positive and negative. This article will present some superficial observations on several questions concerning the macrocontrol of bonuses.

Can the Margin of Bonus Increase Exceed that of Profit Increase?

Bonuses are part of the consumption fund, and their increase should be considered along with the increase of wages, labor security, fringe benefits, education, culture, public health and other social funds under overall planning. Similarly, profit is part of the enterprise's net income and an important source of the accumulation fund. Therefore, the relationship between the margin of bonus increase and that of profit increase should be studied in the context of the variable relationship between the consumption fund and the national income. If the increase of the consumption fund exceeds the increase of national income, the accumulation rate will be lowered; and if the reverse is the case, the accumulation rate will be raised. If the increase of the consumption fund is the same as that of national income, then the ratio between accumulation and consumption will remain unchanged.

Should the increase of the consumption fund be higher or lower than the increase of national income? We are of the opinion that this question cannot be answered in general terms. We must conduct a specific analysis of each specific set of conditions, and each of them should be treated on its own merits. There should not be any iron-clad immutable criterion.

When the proportion of accumulation to the national income is relatively low, and there is the need for a rapid development of economic construction, then, provided the workers' income can be increased each year on the basis of increased production, we should arrange for the increase of consumption fund to be lower than that of national income in order that the accumulation rate can continue to increase for some time.

Let us assume that a rational ratio between accumulation and consumption has been established. For example, according to the experiences of the 1st 5-Year Plan, an accumulation rate of approximately 25 percent was considered to be consistent with the national conditions of China, and most advantageous to us in meeting the requirements of socialist basic economic laws. Then, to keep up this optimal accumulation rate, it is permissible for the increase of the consumption fund to be lower than, the same as, or even higher than the increase of national income, according to the requirements of national construction development and the improvement of people's livelihood in that year. Furthermore, the rational ratio between accumulation and consumption can be maintained only when these three conditions appear in rotation. Of course, the optimal accumulation rate of a country cannot be fixed and invariable; however, in a certain period, it can remain relatively stable. If we must set the increase of the consumption fund below that of national income and regard this as a firm principle, then the accumulation rate will be progressively increased every year until finally the ratio of the consumption fund to the national income will be reduced to "infinitesimal." This is certainly inconsistent with the aim of socialist production.

The optimal accumulation rate may be disrupted. For example, under the influence of the leftist guiding thought, people were so anxious for quick success in economic construction that they kept on striving for an excessively high accumulation rate for a long time. As a result, the increase of people's consumption would slow down or even come to a complete halt. Then, if we want to correct the leftist mistakes and reduce the excessively high accumulation rate, we can only raise the increase in the consumption fund to a level above the increase in the consumption fund to a level above the increase in the national income. This is precisely an important task in our national economic readjustment. In the past several years, the state has adopted a series of measures to readjust the wages, to restore the system of bonuses, to grant price subsidies and to increase the fringe benefits in Shanghai. In the 4 years from 1977 to 1980, the total amount of wages, labor security and fringe benefit expenditures increased progressively by 12.7 each year, which was more than the annual progressive increase rate of 8.6 percent in the total industrial output value, or that of 8.2 percent in the total revenue. It was only by this means that the ratio of wages, labor security and fringe benefits for the workers to the total revenues could be raised from 15:85 in 1978 to 20:80 in 1980. We believe this to be reasonable and necessary from the standpoint of the readjustment.

However, we must also be aware that during the readjustment in these years, there were some factors restricting any further large-scale increase in the consumption fund. These factors are as follows: (1) In the course of readjustment, the rapid increase in light industrial output was offset by the decrease in heavy industrial output. The development of the entire national economy was fairly slow and there was not much increase in the national income. Whatever

maneuvering room was left by the increase in accumulation and consumption was very limited. (2) During the readjustment period, we provided jobs to a large number of people. In the past several years, the national income was increased not mainly by reduction in the consumption of materialized labor or by any higher labor productivity, but by the newly added labor force, which, though adding to the total national income, lowers the labor productivity. Thus the per capita contribution to the national income was reduced. Furthermore, since this newly added labor force itself consumes quite a large portion of the increase in national income, whatever is left to provide for consumption and the improvement of livelihood cannot be much. (3) The state did a great deal of work in improving the workers' living conditions in the past several years, and the increase in consumption fund exceeded the increase in production and profit every year, (and in these several years, our labor productivity had hardly increased, or may even have declined.) However, up to 1980, we increased our consumption without correspondingly reducing our investment in capital construction. Thus the distribution of national income exceeded the generation of national income with financial deficits in several consecutive years as the result. This can only restrict any further increase in consumption. Since the readjustment has to be continued despite these difficulties, the national economy can only be developed at a slow speed. Therefore, we believe that in the next several years, the increase in consumption fund for wages, bonuses and so forth, should not exceed the increase in the national income. In eating, we can only swallow by mouthfuls; similarly, good things cannot all be accomplished in one day. Readjustment of the long-standing irrational ratio between accumulation and consumption should be adapted to the objective economic conditions, and there should be a process of ups and downs as well as quick and slow developments.

Should There Be Any Control on the Level of Remunerations for Above-quota Labor?

Remunerations for above-quota labor here refer to bonuses or above-quota piece-work wages (hereinafter referred to as a bonus). Should the level of the bonus be controlled? This has been a controversial question all along. We believe that the general level of the bonus payment must be controlled for the following reasons: First, since the amount of people's above-quota labor is limited, the bonus should also be correspondingly limited. The ratio between the bonus and the total payroll should correspond to the ratio between the workers' above-quota labor and their total labor. Second, production determines distribution. Determination of the bonus level, though a matter of primary distribution of the national income within an enterprise, is nevertheless subjected to the restrictions of various macroeconomic factors. The main restriction is by the availability of consumer goods on the market. If the increase in bonus exceeds this limitation, the result will inevitably be a shortage of supplies on the market. This is disadvantageous to the stability of prices, economy and the people's livelihood. Third, objective factors at present have a strong influence on an enterprise's profit. The amount of profit is to a fair extent attributed to irrational pricing as a form of redistribution of the national income. If the bonus is linked up with profit, then the objective factors affecting the profit will affect the bonus level as well, thus creating unequal advantages among different enterprises. These unequal advantages cannot be attributed to the labor or above-quota labor of the workers; this is only because of the objective

restrictions on the level of the bonus payment. Fourth, the remunerations for labor includes regular wages, bonuses, subsidies and many other forms of payment, and each of these "components" claims a due share. Among them, wages are the basic component of remunerations. If the workers' income has to be gradually increased on the basis of increased production, there should be a regular system of wage increases as a means of gradual readjustment of the workers wages. Now we are using large increases in bonuses every year as a means of gradual readjustment of the workers wages. Now we are using large increases in bonuses every year as a means of making up for the low wage level. The proportion of bonus to the regular wages has been increased from 7 or 8 percent before the "Cultural Revolution" to approximately 20 percent, and in some enterprises to more than 25 percent. In the past several years, the amount spent by the state on bonuses was several times the amount spent on the readjustment of wages, and yet bonuses cannot completely replace the function of wages. Therefore, the demand for a balanced structure within the labor remunerations system also objectively restricts the level of bonus payment.

In the past several years, according to the actual situation in Shanghai, control of the bonus level has actually produced some negative effects. We feel that the objective necessity of the control on bonus itself cannot be negated simply on this account. On the contrary, these negative effects should remind us of the urgent need to improve the methods of controlling bonuses. The present method of control is mainly setting the maximum level for the bonus payment, and is known as "putting up a ceiling and sealing the top." In effect, it means only the control of the payment of bonuses but not the appropriation of the bonus fund, with administrative instead of economic methods. This is "putting the cart before the horse." Because of the "ceiling" for the payment of bonuses and the separation between appropriation and payment, some enterprises achieving outstanding success in production and business can appropriate a large bonus fund but pay only a limited amount of it. Thus the above-quota bonuses become "cakes in a show window" which can only be looked at but not eaten. This dampens the workers' enthusiasm, and that was why whenever they knew that their bonus had already reached the ceiling, they did not make any further effort. Now we can see that this was the very cause of the "adverse after-effects" of the control on bonuses.

After summing up the experiences, both positive and negative, in controlling the bonus level over the past 3 years, we are of the opinion that some improvement can be carried out along the following lines:

1. We should actively create the necessary conditions for the gradual replacement of administrative methods with economic methods for controlling the appropriation of the bonus fund. The rate of appropriation for different enterprises cannot be "all the same." In combination with the improved methods of profit retention and based on the different profit rates among different enterprises and the existing bonus level, we may work out a tentative regressive rate for bonus appropriation according to different grades, and subject to later revision when the subjective efforts of the workers of different enterprises and the objective conditions, which may have helped or hindered their efforts in profit making, are all taken into consideration. The main idea behind this method is to show the difference in business management among the enterprises and to avoid any great disparity caused by objective conditions in their

bonus level. According to this arrangement, the enterprises can appropriate their bonus funds according to the profits they have made. If the appropriation rate is rational, there should be no further need for control on the payment of bonuses, since appropriation and payment are in harmony.

2. Objective conditions are constantly changing, and the rates of appropriation can only be relatively stable. Since the rates set can hardly be entirely rational, it is possible that in any place and at any time, the appropriation for some enterprises may be too high. Therefore, there is still the need for the use of economic methods to control the payment of bonuses. As a tentative measure, we may suggest that when the average individual bonus exceeds a certain limit, the excess portion should be added to the reserve fund at different progressive rates under a unified plan. If the average amount of individual bonus exceeds the limit of a certain grade, this amount will be transferred at different rates, according to the extent of the excess, to the reserve fund so as to control the excessive increase instead of jeopardizing their material benefits through the method of equalization by transfers [to other enterprises].

3. The reserve fund can be used for three "transformations." In addition to making up for the "lean years" in bonuses, it can be used on the collective welfare measures in the enterprises. If the reserve fund is abundant, part of it can be appropriated for "self-financed restructuring" of the wage system, or for other allowances, such as special job allowances, position allowances for the team leaders, or seniority allowances for the old plants in far-away suburbs. It can also be used in the floating wage system for workers, or to solve certain outstanding problems in the wage system, as a means to arouse the workers' enthusiasm without resorting to the use of bonus.

Should Bonuses Be Related to or Separated From Profits?

The first link to be considered in the system of economic responsibility is that between the state and the enterprise. At present, the amount to be appropriated by the enterprise is determined by the state according to its profit level. This serves as an incentive to the enterprise in increasing its production and its profits, but has also led some enterprises to the use of fraudulent means to obtain illegal profits. People in all circles have voiced their complaints and some of them even proposed that the bonus of enterprises, particularly the retail stores, be separated from their profits. Our views on this question are as follows:

1. "Linking remunerations with output" is a remarkable innovation in applying the principle "to each according to his work" in the countryside. If properly understood, this method can help arouse people's enthusiasm, resulting in an all-round increase of agricultural output. The industrial and commercial enterprises in our cities must likewise take the road "to each according to his work" and this is beyond question. Before conditions are ripe for a major overhaul of the wage system, we must discard the method of "eating from the same pot" and practice the economic responsibility system of "linking remunerations with output." However, industrial production is far more complex than agricultural production. There are millions of varieties of industrial products and an enterprise usually produces more than 10, and perhaps even scores of them. This

raises the question of what should the appropriation of bonuses be linked with. The output, quality, varieties, consumption of raw materials and energy, labor productivity and other use value indexes can only reflect certain aspects of an enterprise's business operation, but cannot be added up to present a complete picture for overall evaluation. Output value and production cost, though useful as comprehensive value indexes, have but limited effects. The output value can show comprehensively how much has an enterprise (or an individual) produced for the state, but cannot tell how much has to be paid for that production. Identical output values with different amounts of consumption are quite common. It is even more difficult to compare the production costs, because when the varieties of products have changed, or when new products have made their appearance, the cost price index can never correctly indicate the rise or fall of the cost price. Profit is what remains after the deduction of production costs and the payment of taxes. Either in direct or inverse proportion to the production cost, profit is either directly or indirectly related to other economic and technical indexes. Therefore, profit is the most comprehensive and most sensitive index for evaluating the result of an enterprise's business results. Except for the small number of enterprises producing only a single line of products (and these enterprises can appropriate their bonus funds according to the amount of goods in stock), most enterprises are afraid that "linking remunerations with output" may turn out to be "linking bonuses with profit." If profit is to be separated from the appropriation of bonuses, then no other comprehensive index can be found as a suitable substitute for profit.

2. The practice of "linking bonus with profit" among the industrial and commercial enterprises has eliminated the old practice of "eating from the same pot"—under which good or poor management made no difference—and aroused the enthusiasm of the enterprises and their workers. A host of facts have proved that the new practice has played its role in promoting the development of production, the increase of sales, the improvement of management and economic results, and the rise in the profit level. Therefore, the merits of linking the appropriation of bonus funds to profit are most important. It must be particularly pointed out that the strong points of this system have not yet been brought into full play. If the irrational features in the appropriation and payment of bonus (such as the "uniform formula" of appropriation, the "cutting of Chinese chive [to prevent its overgrowth]" in the chain method, the "ceiling" in the payment of bonuses, equalitarianism in distribution, and so forth) are eliminated so that this system can be more closely combined with the system of economic responsibility at various levels, it will certainly show the same vitality as the system of "linking remunerations with output" does in the countryside.

3. All objective entities are subjected to the law of "one dividing into two"; similarly, "linking bonus with profit" has its pros and cons. One of its adverse side-effects is that some enterprises, in striving for high bonuses, have resorted to fraudulent means in making illegal profits. Some of them have paid no attention to state planning or economic readjustment, and their exclusive concern with profit has resulted in a dislocation between production and demand so that the overproduced goods cannot be reduced while the goods in short supply cannot be increased. Some are cheating on labor and raw materials and producing their goods in a rough and slipshod way resulting in increased "output" but

deterioration of quality. Some have increased their prices at will or in disguise, thus whipping up an evil blast of price inflation. Some have cheated on weights, forced customers to take unwanted goods, and substituted substandard for high-quality goods, thus jeopardizing the consumers' interest. Some have gone out of their own lines of business in order to steal business from others. Some cadres have yielded to the persuasion of a small number of degenerated workers and then ganged up with them in cheating the state so as to turn the state's benefits into benefits for their own unit; and so forth. This shows that in practicing the system of economic responsibility, the system of responsibility for profit quotas, or the system of profit sharing, we still cannot close our eyes and sleep soundly with the belief that the responsibility system can automatically work wonders even though we do not have to attend to the minor details. However, we must also be aware that even "linking with output" instead of "linking with profit" can still produce such adverse side-effects as lavish spending on equipment and raw materials regardless of quality and the demand for their goods.

4. We should take a correct approach. Instead of stopping eating for fear of choking, we should sum up our experiences, adopt effective measures, strengthen our control and endeavor to reduce the adverse side-effects to a minimum. Some preliminary experiences have been gained, based upon our observation of Shanghai and the whole country, in stopping the use of fraudulent tactics. The methods are as follows: (1) The fluctuations in the bonus level can be related to profit as the comprehensive index which, however, cannot replace other economic indexes in an overall evaluation. For the industrial enterprises, we must at the same time examine the output, quality, varieties, supply contracts, production cost and other indexes as supplements, so that failure to fulfill any one of them will result in the deduction of a certain percentage in the appropriation of the bonus fund. For commercial enterprises, we must not confine our observation to the volume of their business and the amount of their profit; we must examine the turnover rate of funds, their expenditures, the rate of errors, the ratio of minor commodities supplied, the quality of their service and the way they have implemented the supply policy and commodity price policy. (2) When the enthusiasm of the enterprise and its workers and staff members has been aroused by the practice of the economic responsibility system, we should provide the proper guidance and take the opportunity of the reorganization of enterprises to consolidate the leading bodies at various levels, to set right the business orientation of the enterprise, to streamline the basic work for the management system and to tighten the labor disciplines among the workers and staff members in order to insure the healthy development of the economic responsibility system. If the economic responsibility system is not set up on such an organization, some negative results may be produced. (3) We should correct the laxity and weaknesses in ideological education among the cadres and workers. At present, we should particularly educate them on the need to consider the interests of the four parties and to serve the people wholeheartedly. In practicing the economic responsibility, it is not enough for them to be concerned with the interest of just one party, or even three parties; they must bear in mind the interests of the state, the enterprise, the workers and staff members and the broad masses of consumers. We must urge the cadres and workers to think of the overall situation, develop the revolutionary spirit of serving the people and being responsible to the people, and overcome economizing which

has already reared its head. (4) The state should set up the relevant economic laws so that there will be laws for people to follow and lawbreakers will be punished. The higher leading departments should strengthen their supervision and inspection of the enterprises' business activities. The heavier the responsibility of the enterprises, the closer should be the supervision as a precaution against improper attempts by the enterprises for illegal gains. Any fraudulence detected must be promptly and severely dealt with. Their illegal profits must be confiscated, fines must be imposed, their bonuses must be withheld, and they must not be allowed to obtain any economic benefit. The persons concerned and the enterprise leadership should be subjected to the necessary administrative or disciplinary action or even be punished according to law.

Should Profit Increases Be Evaluated by the Fixed-base or the Chain Method?

When the economic responsibility system had been set up and the enterprises appropriated their bonus funds according to their profits, the majority of enterprises in Shanghai before 1981 adopted the method of retaining part of the base profit and sharing the above-quota profit. They generally used the fixed base method and the chain method for evaluating the increase of profit. After 2 or 3 years, many contradictions were revealed. In using the chain method, the increased profits were "cut like Chinese chive" every year, and the enterprises had to start with a new and larger base each year, so that they had to keep on increasing their profit before they could be eligible for above-quota profit sharing. This was like "beating the fast ox" [penalizing the advanced unit] which was something the enterprises could not afford. Therefore, whenever they knew that their bonus had reached the maximum, they would stop all further efforts. In using the fixed-base method, the base figure of profit remains unchanged, and year after year, the profit would keep on growing like a rolling snowball, with the bonus being correspondingly increased. This was something the state could not afford.

To handle correctly the relations of interests among the three parties and to fully arouse the enthusiasm of the workers and staff members in increasing their output in view of these contradictions, two alternate methods are open to choice:

1. The "rolling method" [gundongbi 3340 0520 3024] based on the average profits of 3 years. In other words, the profit of the year under evaluation has to be compared with the average of the actual profits of the 3 preceding years in order to determine the amount of increase. Thus every year, the 3 years supplying the average of the actual profits would "roll on" to another year. This contains the elements of both the fixed-base and the chain methods. In effect, it "neutralizes" the "rolling snowball" of the fixed-base method and the "cutting Chinese chive" of the chain method. It is suitable for the localities and enterprises having low base figures for production, good potential for increased output, and fairly weak management.
2. Retention of part of the whole profit. In other words, the entire profit is to be shared at one ratio. This will help eliminate the various contradictions brought about by the sharing of the base profit and the above-quota profit at different ratios according to the fixed-base or chain methods. It is suitable

for the localities and enterprises whose productive capacity has reached the saturation point and when further increase of output is difficult. In practicing the system of retention of part of the whole profit, the most important point is that we must not insist on "arbitrary uniformity" for the rate of retention. In working out the output value profit rate from the total profit, we may refer to the existing level of profit retention and then work out separate regressive retention rates based on the different levels of output value profit rates. Then, based on the objective conditions in the enterprise for production which may be either favorable or unfavorable for the increase of profit, further revisions can be carried out. At the same time, based on the existing bonus level, different ratios can be worked out for the bonus out of the retained profit. (Note: On the question of evaluating the profits retained and the way to analyze the pros and cons of the "fixed-base" and the "chain" methods, as well as the way to further improve these methods, the authors have already given detailed explanations in the article entitled "How Profit Retention Can Be Beneficial to the Development of Production" carried in SHEHUI KEXUE [SOCIAL SCIENCE] No 5, 1981. We will not dwell on these aspects here.)

Should Distribution Be Based on Work or on Profit?

There are very many factors which may affect enterprise profits. Apart from the subjective efforts of the workers and staff members, the objective factors in an enterprise's production also play a fairly decisive role; and among these objective factors, the most significant one is the deviation of price from value. For either the rate of profit retention or the ratio of bonus to the profit retained, people have always insisted on "arbitrary uniformity," without considering the objective factors causing the difference in profit. Thus the appropriation of bonus funds has been too much for some and too little for others, and the benefits received are not proportionate to the amount of above-quota labor from the workers and staff members. Among the experimental enterprises in the expansion of decisionmaking power in Shanghai, some of them paid their workers an average bonus of more than 400 yuan each, while others paid as little as 23 yuan. No wonder people complained: "Those who work hard make no money, while those who make money do not have to work hard." This is not "Distribution according to work, but distribution according to profit."

There is no doubt that socialist distribution must follow the principle "to each according to his work." Since, however, the pricing and taxation systems in our country cannot be completely restructured for some time to come, we must adopt other measures to eliminate the effects of the objective factors on profits and bonuses and to equalize the profit intakes among different enterprises.

Taking advantage of the system of profit retention by whole trades in the past 3 years and more, some trades in Shanghai have conducted certain meaningful explorations. Their experiences can be summarized as follows:

1. Prices for internal settlement of accounts. This method was first adopted by the Shanghai Cotton Textile Company for the redistribution of profits within the trade. The internal settlement price is equal to the per unit set cost price plus the per unit set profit. The set cost price is based on the medium level of cost price among the enterprises in the trade. The set profit amount

is based on the apportionment of the total profit for the whole trade according to the roles of fixed assets and circulation funds in production. The proportions of apportionment are as follows: for fixed assets, 48.5 percent; for circulation funds (including raw and semifinished materials and energy), 3 percent; and for the wage funds, 48.5 percent. Again, the amount of fixed asset depreciation, as determined by the company for that year, is used to divide the share of profit for fixed assets, and the result is the amount of profit earned by every yuan of depreciation. Then the total annual amount of raw and semifinished materials and energy consumed is used to divide the share of profit for circulating funds, and the result is the profit for every yuan of raw and semifinished materials and energy consumed. Finally, the total wages for the year are used to divide the share of profit for wages, and the result is the profit for every yuan of wages. Now the amounts of the three different funds spent in contribution to the per unit cost price are separately used to multiply the per yuan profit obtained and the grand total is the per unit set profit. The method of internal settlement prices has shown remarkable results in equalizing the profit intakes among different enterprises. For example, No 11 and No 28 plants of the Shanghai Cotton Textile Mill had about the same number of workers and the same scope of operation. The former produced pure cotton fabrics and the latter produced blended fabrics of chemical fibers. Calculated at the market prices, the latter's profit was six times that of the former; calculated at the internal settlement prices, the difference between them was only 11.3 percent. The bonus fund appropriated by the No 28 plant was 18.63 percent more than that of No 11 plant.

2. The method of profit revision. Some trades revised the profits of their products before distributing the retained profits in an attempt to equalize the profit intakes during the profit calculations. The revised profit figures were determined by the company for every major category of products according to the amounts of funds spent on the production, the complexity or simplicity of the required technology, and the extent of price deviations from value. The revised figures may be higher, lower or the same as those in regular use. Another method was to set the profit of a certain standard product as 100, and then, with the coefficient method, work out variable coefficients to be used to revise the profit figures of other products.

3. The bonus system of "taking from the fat to pad the lean." Some companies with expanded decisionmaking power first carried out profit retention by the enterprises before readjusting their bonus funds according to the method of "taking from the fat to pad the lean" in an attempt to equalize the profit intakes during the appropriation of bonus funds. This method can take many forms, but in most cases, an average individual amount of bonus to be appropriated from the increased profit is first worked out. If the amount is below the stipulated level, the entire bonus fund is to be retained by the enterprise; if it is above this level, the bonus fund will be shared between the company and the enterprises at either a progressive or a regressive ratio. The share collected by the company is generally used to subsidize those enterprises whose bonus fund is below the minimum level, and to help the subsidiary enterprises serving the production of main engines or complete sets of engines.

4. Different bonus rates for different enterprises. According to existing regulations, the appropriation of bonus from the base profits among the

enterprises is based on a "uniform formula." At the same time, appropriation of bonus from the increased [above quota] profits is also based on a "uniform formula." Now, some companies with expanded decisionmaking power are trying to solve the problem of unequal profit intakes by setting different rates of appropriation from increased profits. These rates are generally based on the favorable or unfavorable conditions for profit making. First, different bonus levels are set for different enterprises; then, after deducting the portion of bonus appropriated from the base profits, different rates are worked out for appropriations from the increased profits.

Is the method of "taking from the fat to pad the lean" a form of equalitarianism through transfers? This is a controversial question at present. We are of the opinion that theoretically speaking, and before the effects of objective conditions on profit and of the "uniform formula" in the appropriation of bonus funds are eliminated, the method of "taking from the fat to pad the lean" is entirely consistent with the principle "to each according to his work" instead of distribution according to profits. The present problems are only with the specific methods adopted. Some trades are applying the "uniform formula" even in "taking from the fat to pad the lean." Instead of conducting concrete analyses on the subjective and objective conditions of the enterprises, the action of these trades is guided purely by the different bonus levels. Thus different rates are worked out according to different bonus levels, with the result that high levels are trimmed down to make up for the low levels as a method of equalization. This dampens the enthusiasm of the enterprises which have gained high profits through their subjective efforts, and is therefore also not helpful in encouraging the backward enterprises in catching up with others through self-reliance. It is true that there is some trace of equalitarianism through transfers. Before a fundamental reform in the methods of bonus appropriation, and by a comparison of these four different methods, we believe that it would be more logical to carry out some "surgery" on the prices, the profits and the rates of bonus appropriation. It is true that this will involve more work. However, since it will produce good results, it deserves to be popularized.

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LABOR AND WAGES

'NINGXIA RIBAO' DISCUSSES ARRANGING SURPLUS LABOR

HK271311 Yinchuan NINGXIA RIBAO in Chinese 19 Apr 82 p 3

["Weekly Talk" by Xiao Wu [1321 2976]: "We Must Solve the Problem of Finding Outlets for Surplus Labor"]

[Text] The last issue of SAI SHANG NONG CHENG ["RURAL AREAS TO THE NORTH OF THE GREAT WALL"] carried an article which raises the question of "How to be a good production team leader" for discussion. This time we should like to first discuss the question of how a production team leader can solve the problem of finding outlets for surplus labor.

Along with the establishment of the production responsibility system, the initiative of the masses of commune members has been brought into full play and their work efficiency has been raised everywhere. As a result, whether in plain or mountain areas, the problem of surplus labor has cropped up in many production teams. Manpower is the most valuable of all resources. If we concentrate a large amount of labor on the planting undertaking on our limited stretch of cultivated land, we will inevitably have some surplus labor, which means a waste of labor force. This will certainly lead to a drop in labor productivity and a depression in the rural economy. Judging from this, we can see that it is indeed an important task at present to find diversified ways for developing production and organize and arrange the surplus labor in developing our production both in its width and in its depth in order to create more wealth for the society and increase the income of the collectives and the commune members. Our production team leaders should have a strong sense of responsibility, strive to perform their duties and responsibility and earnestly pay close attention to doing this work well.

The practice in various areas has proved that by finding diversified ways to develop production, utilizing all our natural resources, developing a diversified economy, establishing a rational production structure in which various undertakings are being developed in a comprehensive manner and carrying out rational social division of labor, we will be able to successfully find outlets for our surplus labor. For example, the Xuzhuang No 1 production team at Yongkang people's commune, Zhongwei County, has adopted the measure of walking on both legs, by which they have conscientiously developed planting,

breeding, service trades, processing and other forms of sideline production involving both the collective and individual commune members. Thus it has been engaged in the comprehensive development of diversified undertakings including planting, breeding and processing. As a result, it has found employment for its 25 surplus laborers which constitute 24.7 percent of its total labor force and has thus given play to their abilities. What it has done is something all other production team leaders should learn from. We should mobilize and organize our surplus labor to find employment by developing diversified undertakings like the Xuzhuang No 1 production team has been doing. In so doing, we should encourage both the collectives and the individuals to make efforts. Our production teams, as collective economic organizations, should perform their due economic functions and continue to run well and develop the enterprises they are running and other collective agricultural and sideline production in order to provide more job opportunities for their surplus labor. At the present stage, quite a large number of diversified undertakings have to be carried out by peasants at home. Therefore, developing household sideline production and having some people professionally or mainly engaged in sideline occupations is one of the major ways to fully utilize surplus labor. In this respect, our production team leaders should conscientiously give support, assistance and guidance. The production teams should organize the commune members who have no professional skills and help them to learn the skills necessary to develop diversified undertakings. At the same time, they should organize the commune members who are versed in sideline occupations to help and cooperate with unskilled members on a voluntary and mutually-beneficial basis. They should encourage the necessary cooperation and joint venture among individuals and between individuals and the collectives. Whatever forms of cooperation and joint venture have been undertaken in developing diversified undertakings, we should always bear in mind that only by constantly opening up new fields of production and only by developing our production in the direction of socialization and specialization and thus making our division of labor more elaborate on the basis of developing diversified undertakings, can we open up increasingly greater possibilities for solving the problem of surplus labor. In the past, some people were of the opinion that there were few possibilities and many difficulties in our region in developing diversified undertakings and providing employment for surplus labor. However, judging by our natural resources and judging from the large number of facts in our rural areas, the possibilities are great and the prospects are wide. If we live in the vicinity of mountains, we can make a living from the mountains and if we live in the vicinity of water, we can make a living from the water. For example, there are indeed broad prospects for developing planting and breeding undertakings which will absorb a large amount of surplus labor. There are also wide prospects in developing the processing of our agricultural and sideline products. In this respect, there is also great potential to tap in absorbing the surplus labor as well as broad prospects for future development. The key problem is whether we are good at using our heads and thinking up ways. If we are, we will surely be able to overcome our difficulties. Of course, in order to do this work well, the relevant departments should render their assistance in solving the problems related to purchases, production and sales. If they do so, we will be able to really and more satisfactorily solve the problems of developing diversified undertakings and providing employment for rural surplus labor.

LABOR AND WAGES

GUANGXI'S QIAO XIAOQUANG MEETS LABOR MODELS

HK010455 Nanning Guangxi Regional Service in Mandarin 1100 GMT 30 Apr 82

[Summary] On the morning of 30 April, leading comrades of the region received representatives attending the regional forum of labor models and progressive figures and celebrated May Day with them. Leading comrades attending the function included Qiao Xiaoguang, Qin Yingji, Xu Qihai, Liao Shengdong, Zhang Shengzhen, Huang Yun, Liu Yisheng and Zhong Feng.

Huang Yun, member of the Standing Committee of the regional CCP committee and vice chairman of the regional people's government, put forward the following demands and hopes on labor models and workers throughout the region: 1) clearly understand the situation, brace spirits and work hard to promote the economy and build the enterprises into six-good enterprises; 2) promote the "five stresses and four beautifuls" drive, be a vanguard force in building spiritual civilization, and wage resolute struggle against economic crime; 3) learn from and catch up with the progressives and promote an emulation drive. He also said: "The party committees and trade union organizations at all levels must, with a high sense of political responsibility, vigorously support the labor models and progressive figures. We must change the situation by which progressive figures have to hold many concurrent posts, attend many conferences and take part in many social activities, and ensure that they can better play their role in their own posts."

CSO: 4006/435

LABOR AND WAGES

QINGHAI'S LIANG BUTING ATTENDS WORKERS FORUM

SK040113 Xining Qinghai Provincial Service in Mandarin 1100 GMT 3 May 82

[Text] According to our sources, a provincial forum of model workers and advanced persons opened today in Xining. Responsible comrades of the provincial CCP committee and the provincial people's government including Liang Buting, Zha-xi-wangxu, Zhao Haifeng, Song Lin, Ma Wanli, (Yang Xilin) and Shen Ling received all representatives of model workers and advanced persons and had photographs taken with them.

The 80 representatives participating at the forum hailed from all fronts including industry, communications, finance, trade, agriculture, animal husbandry, public health, culture and education. Among them were representatives of such minority nationalities as Zang, Hui, Tu and Monggol, who always advance in the front in building the two civilizations at their own posts.

At the forum, Comrade Ma Wanli, deputy secretary of the provincial CCP committee, highly praised the model workers and advanced persons, saying that they are the elite of the working class with a high degree of political awareness and a socialist spirit of selfless labor, are vanguards of the four modernizations and are examples from whom broad masses of workers should learn. He urged the model workers and advanced persons to bring along the broad masses of workers in the province and to create a new phase in the four modernizations.

The forum is to study the letter of proposals adopted by the national forum of model workers and advanced persons, study the national workers manual, sum up experiences and advance proposals.

CS0: 4006/435

LABOR AND WAGES

BRIEFS

HEILONGJIANG MODEL WORKERS RALLY--A provincial rally to name and commend model workers ceremoniously opened today in Harbin municipality. The Harbin Municipal Workers Cultural Palace was permeated with a cheerful atmosphere today. Full of joy and wearing a big red flower on their chests, 120 new model workers gathered at the theater of the Workers Cultural Palace to attend the rally. Among the participants at the rally were leading comrades of the province and Harbin municipality including Yang Yichen, Li Lian, Chen Lei, Chen Junsheng, Li Jianbai, Zhao Dezun, Wang Yilun, Chen Jianfei, Wang Luming, Hou Jie, (Wang Fei), (Wang Yusheng), Zhao Xingyuan, (Sun Dengren), Xie Yunqing, Lu Guang, Zhang Ruilin, Wang Pinian, Wu Cheng, Wang Jun, Wang Jinling, (Wang Guangwei), Wang Weizhi, Tang Liandi, Gui Shouchang, Jin Bangbai, Wang Huacheng, (Wei Jianping) and (Zhang Ping). [Excerpt] [SK300212 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 29 Apr 82]

HEILONGJIANG SERVICE TRADE--Over the past 3 years, Heilongjiang Province has made job arrangements for 1.65 million persons who account for 91.1 percent of all urban people awaiting work. The employment of these persons who have attended the production of collectively-owned enterprises or operated individual business has greatly accelerated the development of service trades and consumer goods production. According to statistics, commercial and food service networks and centers operated by the state and collectives reached 26,976 in 1981. The number of per thousand-person service centers increased from 0.6 in 1978 to 1.8 in 1981. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 May 82 SK]

SHAANXI LABOR MODEL CONGRESS--The Shaanxi provincial congress of progressive enterprises and collectives and labor models concluded in Xian on 30 April. The congress proposed that workers throughout the province should launch socialist labor emulation in creating six-good enterprises and in becoming models in building the two civilizations, and strive to fulfill the province's economic plans and all other tasks this year. Provincial CCP committee executive secretary Zhang Ze spoke at the closing ceremony. He praised the success of the congress and stressed the role of labor models. Also present at the closing ceremony were Ma Wenrui, Yu Mingtao, Zhou Yaguang and Zhang Fanghai. [HK010529 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 30 Apr 82]

HENAN PROGRESSIVE CONGRESS--According to this station's reporter (Feng Ming), from the afternoon of 2 May to this afternoon, participants in the provincial congress of advanced collectives, model workers, advanced producers and advanced workers on the industrial, communications, capital construction, finance and trade fronts listened to speeches on models. The congress is currently being held in our provincial capital Zhengzhou. Representatives from 6 advanced collectives and 18 advanced individuals briefed the congress on their brilliant exploits and experiences in building socialist material civilization and spiritual civilization. Listening to the representatives' speeches at the congress were Liu Jie, Dai Suli, Zhao Wenfu, Li Qingwei, Zhang Shude and Li Baoguang, leading comrades of Henan Province and Zhengzhou municipality; and members of the Presidium of the congress. [Excerpt] [HK040702 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 3 May 82]

BEIJING WORKERS' INCOME RISES--According to statistics of departments concerned, the total income of Beijing municipal workers and staff members last year was 53 percent more than that in 1978. Calculated on the basis of average wages, subsidies and labor protection benefits, the average total income per capita of workers and staff members in units under the ownership of the whole people last year was 957 yuan, which was 217 yuan more than that in 1978 or an increase of 29.3 percent. Taking into account price increases, the actual income increase was 16.5 percent. However, the situation of different sectors varied. The growth rate of actual income of workers and staff members in economic units where bonuses and subsidies were issued exceeded this average level, whereas the growth rate of state functionaries income was only 8.7 percent. According to a survey of 1,200 typical workers and staff members' households, the proportion of households whose average monthly per capita income exceeded 50 yuan increased from 5.7 percent in 1978 to 27 percent last year and low-income households whose average monthly per capita income was below 30 yuan dropped from 45.1 to 7.1 percent. [HK041435 Beijing City Service in Mandarin 2330 GMT 4 May 82 HK]

SHAANXI PROGRESSIVES CONGRESS--The Shaanxi provincial congress of progressive enterprises and collectives and labor models opened in Xi'an on 28 April. The opening ceremony was attended by provincial leaders Ma Wenrui, Yu Mingtao, Zhang Ze, Jiang Yi, Yan Kelun, Zhou Yaguang, and Zhang Fanghai. Provincial CCP committee secretary Zhang Fanghai presided. [HK290444 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 28 Apr 82]

HEILONGJIANG EMPLOYMENT CONFERENCE--The Heilongjiang provincial labor employment conference concluded on 27 April. The conference noted that 450,000 urban residents in our province are waiting for jobs. The best way to settle jobseekers is to develop the collective and individual economy to broaden employment avenues. Meanwhile, we should strengthen vocational training and bring into play the role of labor employment service companies. [SK302220 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 29 Apr 82 SK]

TRANSPORTATION

DIESEL LOCOMOTIVES SEEN AS TEMPORARY AID ON YINGTAN-XIAMEN LINE

Dalian NEIRAN JICHE [DIESEL LOCOMOTIVE] in Chinese No 1, 15 Jan 82 pp 49-50

[Article by Ji Yan [4764 1750]: "Discussion of the Problem of Using Diesel Locomotives as a Temporary Measure for Towing Before the Electrification of the Yingtan-Xiamen Railway"]

[Text] The technical standards of the Yingtan-Xiamen Railway are low. The railroad line between stations is short, the limiting slopes are precipitous, there are many curves, and the radii of curves are small. Since the railroad began transportation, the loads have increased continuously. At present, the density of cargo flow on some sections has already surpassed the designed capacity. Cargo accumulates and this has greatly affected industrial and agricultural development in Fujian Province. There is a saying that "whether Fujian becomes rich or not depends upon the railroad."

Electrification undoubtedly can improve the transportation capability of that railroad. But, there are still difficulties in investment, power sources, locomotives and rebuilding that have to be solved. Some people estimate that it will be five to six years before electrically powered towing is realized. Fujian is a special economic zone. In order to "begin in 1982 and to take off in 1985," there must be an immediate temporary measure for the railroad to improve its transportation capability before electrification.

In December of 1981, the Fujian branch of the Railroad Society held an "academic discussion meeting to discuss improvement of the passage capability of the Daheshan section of the northern section of the Yingtan-Xiamen Railroad." During the discussion, the question of using the Beijing model diesel locomotive for temporary towing was proposed. This problem attracted the attention of the conferees. Comrades at the meeting who advocated the use of the Beijing model diesel locomotive for temporary towing suggested that such locomotives should be dispatched to the railroad for test runs and they also held that:

Using the diesel locomotive for temporary towing is feasible and the Beijing model diesel locomotive is a more suitable locomotive for that railroad because 10 years of passenger hauling have proved that the Beijing diesel locomotive has a rational structure. It runs reliably, its performance is good, it consumes less oil, it requires less inspection and repairs, its repair cost is low, and it has been recognized as a superior passenger locomotive. Also, to satisfy the need of cargo

transport, the Beijing 27 Locomotive Plant has proposed the use of two locomotive engines connected together to provide 5,000 to 5,400 horsepower. This type of locomotive has a sufficient drag weight and is suitable for drawing heavy loads. At the same time, a single locomotive engine can be used for towing, to transport passengers and to transport cargo on branch lines. In general, before electrification of the Yingtan-Xiamen Railroad, the use of the Beijing model diesel locomotive for temporary towing can produce the following six visible economic gains:

- 1) It can rapidly improve the transport capability. This also creates proper conditions for reducing the interference of the transportation tasks caused by electrification construction, and this benefits electrification.
- 2) It reduces transportation of coal by the railroad. Just this item alone is equivalent to increasing the southward transportation capacity by 400,000 to 500,000 tons.
- 3) The locomotive can be used for cargo transport and can also be used for passenger transport. It can be used in multiple linked engine configurations to increase the capability for towing cargo through difficult sections and it can also be used singly in flat regions for towing to conserve consumption of power.
- 4) The locomotive has a biaxial turning chassis. The drag is small when the locomotive goes through a curve. This greatly reduces the wear of the tracks and the wheel and eliminates the present necessity of replacing worn tracks by new tracks in the difficult sections every five years.
- 5) It conserves state investment. The railroad maintenance section does not require a lot of additional facilities. According to the experience of a section of a certain railroad which had changed from steam locomotives to the Beijing model diesel locomotives, the change-over required only a few moderately-priced parts testing facilities. There was no need to add processing lathes. The cranes and fuel supply facilities could be simple. After electrification, the locomotive can be recalled or transferred to the Waiyang-Fuzhou line or other branch lines.
- 6) It can serve to prepare equipment and technical strength for diesel locomotive switching after electrification.

9296

CSO: 4013/26

TRANSPORTATION

'WEN WEI PO' DISCUSSES GUANGZHOU-MAOMING RAILROAD

HK261219 Hong Kong WEN WEI PO in Chinese 24 Apr 82 p 1

[Telephoned dispatch from Guangzhou dated 24 April: "Construction of Guangzhou-Maoming Railroad Speeded Up"]

[Text] Recently, the State Council has officially approved the raising of money by various means, with cooperation between the state and local areas, to speed up the construction of the Guangzhou-Maoming railroad, an artery west of Guangdong Province. The whole line will be completed in 1984 and will be open to traffic in 1985, according to plans.

Construction work on the Guangzhou-Maoming railroad involves a total length of 320 kilometers and the conversion of the old line running from Guangzhou to Sanshui and the building of some new lines farther down than Sanshui. The whole railroad passes through Nanhai, Sanshui, Sihui, Yunfu, Zhaoqing, Maoming and other counties and municipalities. Two bridges across the Beijiang and Xijiang rivers are to be set up. Concerning this railroad, the state decided in 1958 to first build the section from Sanshui to Maoming. Work on part of the section started the same year. In 1960, the state suffered from temporary economic difficulties. Work had to be stopped.

Not until 1978 did work on the two bridges across the Beijiang and Xijiang rivers resume. But for various reasons, work was again held up in 1979. Up to now, overall work on such aspects of the Guangzhou-Maoming railroad project as surveying, alignment, and construction design has been completed. Work on the piers of the two bridges across the Beijiang and Xijiang rivers has also been basically completed, to meet the communications and transportation needs of the areas southwest of Guangdong Province and to develop as quickly as possible the economic returns that can be realized after the completion of the Yunfu sulphur-iron mine which is potentially rich and of high grade and which has a massive concentrated base, the Guangdong Provincial People's Government and the Ministry of Chemical Industry, Ministry of Railways and other relevant departments, after many consultations and study sessions, put forth a proposal to the State Council some time ago calling for the adoption of various means to raise money and for joint investment by the

Ministry of Railways, Ministry of Chemical Industry and Guangdong Province. This was to speed up the building of the Guangzhou-Maoming railroad project. After a process of investigation and study, the State Council recently gave its approval and agreed to this proposal.

The Guangzhou-Maoming railroad, when completed, will link up with the Beijing-Guangzhou railroad to the north and with Zhanjiang and Litang station to the south and will constitute one part of the Guangzhou-Kunming railroad, forming the railroads north and south of Guangdong into a network. This will not only greatly reduce the pressure on the Beijing-Guangzhou railroad but will also stimulate the economic development of the areas along the line southwest of Guangdong and further encourage the interflow of urban and rural commodities throughout the province.

CSO: 4006/435

TRANSPORTATION

BRIEFS

DATONG-BAOTOU RAILWAY--According to our correspondent (Liu Lanqian), the supplementary railway line between Datong, which is noted for its coal, and Baotou, noted for its steel, is now under rapid construction. The design of the railway line, which stretches 448.9 km, is under the auspices of the Hohhot Railway Bureau. After completing the construction, two cities will increase their daily train runs from 24 to 65 and surpass their current capacity several times over. From 1977 to the end of 1981, over 170 km of rail were laid in the building operation. Specific sections totaling over 90 km long have opened to traffic and have partly taken up transport tasks. Baotou city has also made new progress in building key projects for railway transportation. Following economic improvements throughout the country, state investment has increased year after year. The construction cost this year surpasses the 1981 figure by 66.7 percent. This year the railway of 11 sections such as between (Gujian) and (Jinshan) and (Lingmu) and (Sanchakou) will open to traffic. The (Qinhuaiying) tunnel, the longest railway tunnel in our region, will also open to traffic at the end of this year. [Text] [SK031000 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 May 82]

BEIJING-LOS ANGELES AIR SERVICE--Beijing, 9 Apr (XINHUA)--China's General Administration of Civil Aviation (C.A.A.C) has announced that air service between Beijing and Los Angeles will start on April 12, in accordance with the Sino-U.S. civil air transport agreement. The new route will be Beijing-Shanghai-Los Angeles with the return route, Los Angeles-San Francisco-Shanghai-Beijing. The Beijing-Shanghai-San Francisco-New York route was inaugurated last year. A group of officials and other well-known persons from Los Angeles will visit China in late April to celebrate the opening of the new service at the invitation of the C.A.A.C. and the people's government of Guangzhou with which Los Angeles established sister city ties on December 4 last year. [Text] [OW091232 Beijing XINHUA in English 1224 GMT 9 Apr 82]

HEILONGJIANG RAILWAY TRANSPORT--Harbin railway transport procuratorates and courts at all levels will begin operations on 1 May. They are to handle cases submitted by railway public security departments and economic disputes in transportation. Civil cases and cases not related to the railway transport sphere are still to be handled by the local people's procuratorates and people's courts at all levels. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 30 Apr 82 SK]

GENERAL

'SHAANXI RIBAO' DISCUSSES CLASS STRUGGLE, ECONOMIC CRIMES

HK010950 Xian SHAANXI RIBAO in Chinese 21 Apr 82 p 3

[Article by Lin Mu [[number indistinct] 3688] and Yang Caiyu [2799 2088 3768]: "Tentative Discussion on the Current Class Struggle in Our Country"]

[Text] The "Resolution on certain questions in the history of our party since the founding of the People's Republic of China" pointed out that in our country "the exploiters have been eliminated as classes." "Class struggle no longer constitutes the major contradiction. However, owing to certain domestic factors and influences from abroad, class struggle will continue to exist within certain limits for a long time to come and may even grow acute under certain conditions. It is necessary to oppose both the view that the scope of class struggle must be enlarged and the view that it has died out." This scientific judgment provides a theoretical basis for our correct understanding and handling of class struggle under new historical conditions.

1. Class Struggle Will Exist Within Certain Limits for a Long Time

We are opposed to enlarging the scope of class struggle. We do not accept that the bourgeoisie exists within the party now or that a new bourgeoisie and other exploiting classes could possibly emerge now that the exploiting classes and the conditions fostering exploitation have been eliminated inside our country. At present and for a considerable time to come, however, class struggle will continue to exist within certain limits. This is reflected in the following ways: in the area of politics, the authorities of certain foreign countries and Taiwan have sent spies into our country to carry out espionage activities. There are enemy agents inside our country who collaborate with reactionary foreign forces abroad and Taiwan espionage units, obtaining and selling the party's and the nation's secrets. There are also counterrevolutionaries who write reactionary slogans, distribute reactionary pamphlets, transmit reactionary letters, express opinions on their opposition to both the party and socialism, and take part in destructive counter-revolutionary activities. In the economic field, some of state personnel, including certain responsible cadres, have been hit by the bourgeoisie's sugar-coated bullets. They engage in all forms of corruption: stealing, profiteering, extorting and accepting bribes, smuggling and trafficking in contraband, and embezzling state funds. Some have even degenerated to the

point that they have become new exploiters; they seriously damage the socialist economy and injure the body of the party and national organizations. In the ideological and cultural fields, reactionary and pornographic books, tapes and videotapes have begun to filter into society through a wide range of different channels, corrupting and poisoning cadres, the masses and especially youths, and polluting the social atmosphere. As far as social order is concerned, criminal activity is extremely widespread. Murder, arson, bombing, robbery, kidnapping and rape, and drug peddling have seriously damaged the social order. These various hostile elements have the destruction of the stable and unified political situation, the destruction of the political system of the democratic dictatorship and the destruction of socialist modernization as their aim. Their contradiction with the broad masses of the people is one of fundamental and fierce conflict and represents a vestigial form of class struggle.

Why is it that class struggle will exist within certain limits for a long time to come? There are several reasons for this. First, after the exploiters had been eliminated as classes, remnant forces continued to exist and their ideological influences will continue to be felt for an even longer period of time. These remnant forces and ideological influences have corrupted our cadres and the masses and polluted our social atmosphere in a wide range of ways. Aside from a few of these enemy spies, counterrevolutionaries, criminals, degenerates and new exploiters who are remnants of the old society, the majority are people who have cut themselves off from the masses of workers, peasants cadres and intellectuals. Having already betrayed their own class, they become "new bacteria" growing on the putrid remains of the old society. Second, although the exploiters have already been eliminated as classes on the mainland, our country also comprises areas such as Hong Kong, Macao, Taiwan, Penghu, Jinmen and Mazu. In such areas the exploiters and the exploitative system is still intact. There is already contact between the mainland and these areas and in the future it promises to increase steadily. Third, class struggle within our country is not an independent struggle but is already related to class struggle on the international scale. At present social imperialism has led the Soviet Union to set its covetous eyes on our country, and there are thousands upon thousands of Soviet troops stationed along our northern border. On our country's southern border the regional hegemonists, the Vietnamese are carrying out frenzied anti-Chinese activities. Furthermore, reactionary forces in several countries continue to regard socialist China as an enemy even though these nations have already established friendly economic, cultural and political relations with China. These various conditions clearly show that our country is still a participant in class struggle on the international scale.

We should pay particular attention to the fact that because of the firmness of our country's socialist political and economic system, the strength of the people's democratic dictatorship and the profound development of socialist modernization, capitalist forces have avoided open subversion but have tried instead to carry out infiltration and corruption in the areas of economics,

politics, ideology and culture. The open-door policy and the policy of enlivening the domestic economy pursued by our party since the 3d Plenary Session of the 11th CCP Central Committee represent, without a doubt, correct strategic decisions and should be firmly and resolutely implemented. We should also take sober note of the fact that while some capitalists conduct business with us in a perfectly legitimate manner, there are also those who engage in smuggling, bribery, extortion, theft and other illegal activities. The practice of harming others exemplified in corrupt ideology, corruption, smuggling and bribery has become a way of life for the capitalist class. Taking advantage of our country's open-door policy and policy of enlivening the domestic economy, these capitalists have been able to carry out infiltration and corruption. Hostile elements within our country and people who have been deeply influenced by the ideology of the exploiting classes engage in corruption, theft, profiteering and other exploitive activities, using sugar-coated bullets such as food and drink, money and other material goods to buy off and corrupt the small number of weak-willed people in the cadre ranks. Under attack from the bourgeoisie's sugar-coated bullets, some people become either partially or completely corrupted. They engage without restraint in criminal economic activities, promoting collusion between different levels, between people inside and outside units and between China and Taiwan, Hong Kong and foreign countries.

Under these new historical conditions a vigorous assault on such economic activities will mark a major battle between the corrupting influences of bourgeois ideology and the opposition of socialist ideology to such corruption and will have an important bearing on the transformation of party work style, and social atmosphere, on the success or failure of socialist modernization and on the prosperity or decline of the nation.

On the eve of nationwide liberation, Comrade Mao Zedong warned the entire party that while our enemy is unable to subjugate us by means of military force, the bourgeoisie sugar-coated bullets might still be effective against the weak-willed in our ranks. More than 30 years later, attack from the bourgeoisie's sugar-coated bullets is still a very real problem. In the past, we found ourselves confronted with the Chinese bourgeoisie. But after years of both cooperation and opposition our party had already acquired rich experience of this class. Now, however, we are faced with international capitalism, with which we have had no previous contact. It is far stronger than Chinese capitalism and also far more "experienced." Recently, there have been a few comrades--including a small number of comrades who managed to resist both the military strength of the enemy and the despotic power of Lin Biao and the "gang of four"--who after having contact with capitalists from foreign countries, Hong Kong and Macao allow themselves to become captives of the bourgeoisie, becoming traitors to the communist cause. At present the problem of illegal activities within the economic field is far more serious than it was during the "three evils" and "four evils" campaign. In the ideological field, the corrosive influences of decadent bourgeois ideology and the remnants of feudal ideology are relatively serious. The

grim facts of the development of class struggle in these new historical conditions warns us that our party, nation and socialist cause must cope not only with the threat from abroad but also with the internal threat of "peaceful evolution." Therefore, we must maintain a high degree of vigilance.

2. This Kind of Class Struggle Is Not the Major Contradiction at Present

We must guard against the mistaken view that since class struggle under these new historical circumstances is not so visible then it must have died out. And since at present class struggle has developed within a certain scope we must also guard against any vacillation on the question of class struggle that might lead to our repeating the serious mistake of enlarging the scope of class struggle.

Can we assume because the "tiger" is now fatter and "bigger" that the form of class struggle must have undergone a fundamental change? We cannot. [word indistinct, corruption, bribery, smuggling, profiteering and other criminal activities in the economic field are now all rather widespread. The fact that such activities can involve thousands, tens of thousands, hundreds of thousands and even millions of yuan is truly startling. However, there are many reasons for the "tiger" getting fatter. First, it certainly has something to do with the fact that after 30 years of socialist construction the economic base is far more secure. However, more important, is the fact that the 10 years of disorder damaged our party's work style and social atmosphere and disrupted our not yet perfect systems of finance and economics and other work systems, providing criminals with the environment and conditions they needed. Second, during the past few years we have failed to launch a concerted campaign against criminal activities within the economic field. As a result, there are still many loopholes and unresolved cases, and some criminals are developing an increasingly large appetite and are becoming increasingly bold. We must be able to both recognize the serious threat posed by these "tigers" and also to avoid exaggerating the class struggle as reaction to the strength and size of these "tigers."

Is there any possibility at present of the remnant forces of the old exploiting classes and the new exploiting classes being able to unite to form a new exploiting class? There is not. Although the exploiting classes are certainly composed of exploitative elements, for these elements to form an exploiting class requires certain conditions. As Engels pointed out, "In any period, social classes are the product of the relations of production and exchange. Each even it is the product of the economic relations of that age." ("Selected Works of Marx and Engels," Vol 3, p 423) Lenin also said that, "The basic criterion for all class distinctions is position in social production. Therefore, it is a question of one's relation to the means of production." ("Collected Works of Lenin," Vol 6, p 233) From this we can see that the formation of an exploiting class is dependent on the existence of a system of private ownership of the means of production. Our country has already eliminated the exploitative system and established the socialist ownership of

the means of production, thus severing the important economic link between the existence of exploiters and the formation of the exploiting class. There are a number of different reasons for the emergence and continued existence of the hostile elements now present in our country, and as they share no common relation of ownership regarding the means of production, they are unable to unite together into a single group. The most significant difference between these new exploiting elements and the old exploiting elements lies in the ownership of the means of production. In the absence of conditions allowing for the rental of land or the hiring of labor, these activities of the exploiting elements are confined to the spheres of economic allocation and circulation. Through misappropriation of public property, smuggling, corruption, theft, profiteering and other illegal means, they are able to embezzle the property of the state and the people. However, while they certainly share the characteristic of exploiting other people's labor, they are few in number and are constantly being exposed and gradually eliminated. Moreover, there are no inherent economic relations between them. So while they may be able to form "groups" or "factions," they are unable to unite to form an exploiting class.

From this we can see that although class struggle will continue to exist within certain limits for some time to come and may even show signs of development, it is certainly not the major contradiction within our country. As the resolution adopted at the sixth plenary session pointed out: "The major contradiction our country has had to resolve is that between the growing material and cultural needs of the people and the backwardness of social production. It was imperative that the focus of party and government work be shifted to socialist modernization centering on economic construction and that the people's material and cultural life be gradually improved by means of an extensive expansion of the productive forces." This analysis fully accords with the objective reality of our country's socialist development. We should draw an important lesson from the fact that after socialist transformation of private ownership of the means of production had been completed and after the exploiters had been eliminated as a class, we failed to persevere in shifting the focus of our work to socialist modernization but continued instead to regard class struggle as the major contradiction of socialism. It is imperative that we never forget this profound lesson.

3. Clearly Understand the Characteristics of Struggle and Adopt Correct Ways of Dealing With the Situation

Class struggle under new historical conditions is not the same as it was during the war period when it was a struggle for the seizure of power waged against imperialism, feudalism and bureaucratism. Nor is it the same as it was during the period of the three great reforms when class struggle was both a struggle for reform against a fully formed capitalist class and a special form of class struggle waged against the corrosive infiltration of foreign capitalists and the remnant forces of China's exploiting classes. We must clearly understand the characteristics of this struggle and adopt the correct ways of dealing with the situation.

1. The principal expression of the current class struggle is to be found in the economic field. Complex struggle also exists in the political, ideological and cultural fields. Struggle in these fields, however, derives almost wholly from struggle in the economic field. Therefore, it is imperative that we begin by striking blows at criminal activities in the economic field and should struggle step by step to resist corrupting influences in the political, ideological and cultural fields.
2. This class struggle exists only with certain limits. Various contradictions exist within our society at present and aside from those contradictions which possess the character of class struggle, most are not by nature class struggle. In resolving these contradictions we should adopt measures different from those we would use in dealing with class struggle and we should avoid arbitrarily using the label "class struggle." Moreover, in dealing with illegal economic activities we should look at the seriousness of each case and avoid "finding enemies behind every tree" and looking insistently for such problems in departments and units where they do not exist. We must steadfastly uphold the principle of proceeding from reality in all our work, acting only as each particular case merits.
3. Although no class struggle exists among the people, the influence and reflection of such a struggle can be seen. The notion of the people is a historical category. Before the socialist transformation of the system of private ownership of the means of production, the notion of the people included workers, peasants, the petite bourgeoisie and the national bourgeoisie. Because of the dual nature of our country's national bourgeoisie at that time, however, our party saw the contradiction between the proletariat and the national bourgeoisie as a contradiction among the people. It was with regards to this question that Comrade Mao Zedong put forth the idea of class struggle among the people. Now, however, the national bourgeoisie has already been eliminated as a class and it is the socialist laborers and patriots who now constitute the people of our nation. While certain class distinctions and various contradictions still exist among the people, they do not involve any conflict of interest. To insist, in spite of these circumstances, that class struggle still exists among the people runs counter to the actual social conditions in our country and easily leads to confusion concerning the distinction between the question of right and wrong among the people and the question of class struggle and can also easily enlarge the scope of class struggle. However, owing to a number of domestic and international factors, the influence and reflections of class struggle can still be seen among the people. For example, extreme individualism, anarchism, bourgeois liberalization and the remnants of feudal ideology. Although these influences and reflections have the character of class struggle they are not, however, the same as class struggle itself.
4. Because of the basic changes that have occurred in class relations and the relative strength of the classes and the special form of class struggle that is now being carried out, there is no longer any need to adopt the measure of violent mass movement. Instead, we must develop socialist democracy,

strengthen the socialist legal system and make use of the weapon of law to struggle against all counterrevolutionaries and criminal elements. As far as the destructive activities of hostile elements are concerned, it is imperative that we exercise dictatorship in accordance with the law. We must severely punish all those who practice illegal activities in the economic field, especially when such activities involve state personnel. We must deal severely with all criminal cases involving contradictions among the people, using the facts as the basis and the law as the only criterion, and should also make an effort to educate and redeem those involved. We should adopt the methods of democratic persuasion and education and of criticism and self-criticism to resolve contradictions that occur within the party, among the people, between proletarian and nonproletarian ideologies and between different work styles.

In dealing with infiltration and corruption by bourgeois forces from Hong Kong, Macao, Taiwan and abroad we can use neither the method of "one class overthrowing another" nor the method used in the past to deal with national capitalists inside the country. However, it is imperative that we adopt the correct way of dealing with the situation if we are to continue our contact with them. It is necessary to educate party members, cadres and all people that in carrying out contacts with foreign countries they must pay attention to unity, and should neither neglect nor reject the necessary struggle. They must protect the purity of the proletariat and socialist system and should never allow themselves to be corrupted by bourgeois forces.

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GENERAL

'BEIJING RIBAO' URGES PRACTICING FRUGALITY

HK261046 Beijing Radio in Chinese 19 Apr 82 p 3

[Article by Shao Rong [4801 2837]: "Is the Truth of the 1950's Inapplicable to the 1980's?"]

[Text] There is a young man who only earns some 30 yuan a month. However, he spends money extravagantly without considering how much he earns. Once he bought a hat with 40 yuan. His father was not very happy with him and said, "I have never bought any expensive hat like this before." He criticized him for being extravagant. The son was not happy either and argued, "So what! Some even cost 80 yuan! It is now the 1980's; what you believed in the 1950's is out of date now!" The father could not say anything when that one remark cut him off.

At present, there are plenty of people like this young man who frequently take the 1980's as an excuse to reject criticisms, despite the fact that they do not thoroughly understand what they mean by the "1980's."

Frankly speaking, what are the differences between the 1950's and the 1980's? Does it mean that what we believed in the 1950's are no longer applicable in the 1980's?

There are really some differences between the two decades. In naming a few of them we can make the following points:

First, the productive forces have greatly developed. In the wake of the development of productive forces, the living standard of the people has been significantly raised. In the 1950's, not many families could afford a television set. At present, televisions are a basic daily necessity of many families. In those days, many women comrades had to spend their sparetime and holidays mending their socks; at present, nylons are very common and our women comrades no longer have to bother about mending socks. There are many other similar examples.

Second, production relations have undergone great changes. Since the socialist transformation of the system of private ownership of the means of production was basically completed in the later stage of the 1950's, after some 20 years' experience, we have accumulated some positive and negative

experiences. At present, the socialist system of ownership of the means of production is much improved and we have acquired more experience in carrying it out. At the same time, the interests of every individual citizen are integrated with the socialist ownership system; thus, their understanding of socialism needs to be further enhanced.

Third, the culture, science and technology of the whole world have greatly developed. The outlook of people has been broadened and more efforts should be devoted to the study of science and liberal arts and to improving our ability to distinguish the good from the bad and the beautiful from the ugly.

Since there are so many differences, are there any similarities? Yes, there are. Here, I would like to point out one thing. At least the principle of our behavior remains the same. Despite the differences of the times and situations, in our socialist country, we should conduct ourselves well and this is not to be changed. Let us take spending money as an example. Principles such as "practice thrift and lead a simple life," "live within one's means" must not be forgotten at any time.

The improvement of the individual's living standard cannot be divorced from the actual situation of the economic development of the state, nor can it go beyond the individual's actual economic income. In the 1950's, there were also hats costing 80 yuan or even 100 yuan. If, in those days, the father of this young man had acted like his son and bought whatever he thought was good without consideration, and often spent more than what he earned, then I am afraid he would have had great difficulty in bringing up his son. Some people might argue that in those days, the father of this young man had to feed the whole family and his burden was heavy; certainly, he had to be thrifter and lead a harder life. But the young man earns money for his own expenses and he has nothing to worry about; hence, he should not be that "shabby." Such remarks need elaboration. Although our living standard is improved with the increase of our economic income, we must not acquire the habit of being extravagant. If we get used to being extravagant, we will be unable to make ends meet. It is not a permanent solution for us to rely on our parents to make up the deficit resulting from our extravagance. It is even more dangerous to get money by crooked means. Frankly speaking, it is better to spend money carefully and cultivate the good habit of being hardworking and thrifty.

That the young man takes the "1980's" as a pretext to reject his father's criticism is evidence of his ignorance. Being extravagant is nothing new and it does not have anything to do with the "1980's."

The 1980's does have its own special characteristics. In my opinion, we cannot ignore strengthening the building of socialist spiritual civilization in our country. To be specific, we must do a good job of the "five stresses and four beautifuls," strengthening education on communist ideology and improving the social mood and mental outlook of the people. At the same time, we must work hard to study liberal arts, science and technology in order to improve our cultural and scientific and technological levels.

At present, some people ignore this and wantonly mistake those capitalist, individualistic and egoistic elements for representations of the "1980's." This is a gross deception and completely groundless.

As a matter of fact, no good and honest person, including the father of the young man, should be intimidated by people who make a fuss of the "1980's." They must use their brain to think about and analyze the actual situation and see if what they say has anything to do with the "1980's." The basic principles of our behavior must be upheld. If there is anything wrong, we must express it boldly and confidently.

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GENERAL

STRENGTHENING EDUCATION IN ECONOMIC SITUATION VIEWED

HK030345 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 30 Apr 82

[Station commentary: "Conscientiously Strengthen Education in Economic Situation"]

[Excerpts] "Since the 3d Plenary Session of the 11th CCP Central Committee, as our party has redressed its longstanding leftist guiding ideology, and carried out the readjustment of the national economy, industry and agriculture are steadily going up, and the economic situation is better off than anticipated. Satisfied with those achievement, most cadres and masses have a correct understanding of the economic situation. However, we still find that a small number of people, being unaware of the circumstances in the whole region, cannot distinguish between the principal and secondary aspects, fail to correctly understand some problems emerging in daily life, and thus have some misunderstanding, doubts and misgivings. Therefore, it is of great significance to vigorously carry out now an education in the economic situation in all cities and towns throughout the region. Party organs at different levels must conscientiously promote this propaganda and educational drive on the economic situation as an important part of the political and ideological work at the present stage. In the propaganda on the economic situation, we must emphatically explain seven points to the masses, namely, the importance of the economic readjustment and reform." "The efforts the state has made to improve the people's livelihood since the 3d Plenary Session of the 11th CCP Central Committee, the reason why we must first provide enough food to the people and second carry on construction." "The state's price policy and the reason for the adjustment of some commodity prices, the complementary relationship between material and spiritual civilization, the great significance of the present move to deal blows at serious criminal activities in the economic field, and the great significance of the correct implementation of the party's policy toward nationalities to the economic development of Xinjiang region."

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